Chapter 2

A rational choice perspective on good governance in sport

The necessity of rules of the game

Arnout Geeraert

> If men were angels, no government would be necessary. If angels were to govern men, neither external nor internal controls on government would be necessary. In framing a government which is to be administered by men over men, the great difficulty lies in this: you must first enable the government to control the governed; and in the next place oblige it to control itself. A dependence on the people is, no doubt, the primary control on the government; but experience has taught mankind the necessity of auxiliary precautions.
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> James Madison, Federalist no. 51 (1788)

Introduction

James Madison would not have been surprised by the continuing relevance of his above quote in defence of the adoption of the United States constitution. True, the self-interested behaviour exposed by some political leaders is so blatant that it seems to defy even the constitutional safeguards that are meant to control it. But Madison would argue that even the noblest of leaders are no angels simply by virtue of their humanity. As such, when delegated authority, they must be controlled in order to prevent abuses and ensure proper institutional cooperation.

At the heart of Madison's famous quote lies a pessimistic view of human nature: individuals are self-interested and therefore must be constrained in their execution of authority. This is done by institutional rules and in order to protect the interests of the collective (Petracca 1991). This line of thinking is characteristic to what has later become known as the rational choice approach to institutions. The core rational choice assumption is that, because human nature is essentially self-interested, individuals rank their goals and choose the behavioural route that they expect maximises their utility in terms of power and/or welfare gains (Weingast 2002). However, institutions can be designed to discourage self-interested behaviour (Petracca 1991; Snidal 2013). They thus function as "rules of the game" that ensure delegated authority in service of the common interest (North 1990, p. 3).

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The rational choice approach has had a strong impact on the design of different types of institutions including sport organisations. Emerging from classical micro-economics, it naturally underpins the bulk of governance mechanisms that have been introduced under the rubric of 'corporate governance' to prevent corporate wrongdoings (Cobbaut & Lenoble 2003; Jensen & Mecking 1976). But the approach has also directly influenced the design of political institutions (Petracca 1991; Weingast 2002) and, more recently, non-profit organisations (Hopt & Von Hippel 2010). Particularly in the past decade, rational choice assumptions have also wiggled their way into debates about good governance in sport organisations. On one hand, corruption scandals in international sport organisations have increased demands for institutional constraints on corrupted sport officials. The European Parliament, for instance, has called "upon all sports governing bodies to commit to good governance practices [...] in order to reduce the risk of falling victim to corruption" (European Parliament 2015). The Council of Europe likewise holds that "[t]he mainstreaming of good governance principles in the management of sports bodies is seen as an appropriate way to prevent and mitigate unethical behaviours including corruption" (Council of Europe 2016). On the other hand, the principles enshrined in codes and indicators of good governance in sport organisations are often (implicitly) inspired by rational choice assumptions. They are often derived from corporate governance, when they focus on preventing wrongdoings, and political governance, when they centre on balancing authority.

The strong influence of rational choice on principles of good governance in sport organisations is not problematical per se. The approach holds many benefits, including theoretical clarity and analytical parsimony (Snidal 2013). Yet all social theories make reductionist assumptions in order to deal with the complexities of social life. Rational choice assumptions are always "true" "by logical derivation" in an abstract theoretical setting (Snidal 2013, p. 94). However, their validity, when applied to real-world situations, has been seriously questioned (Marnet 2007; Pollack 2006). Functioning as a coloured "lens", moreover, any social theory highlights certain aspects of reality while downplaying others (Dunne, Kurki & Smith 2010, p. 27). While rational choice scholars indeed do not claim to paint a complete picture of reality (Pollack 2006; Snidal 2013), the dominance of the approach entails that good governance policies have an implicit rational bias and, thus, tend to overlook important (cognitive–ideational) aspects of human behaviour and social interaction. The problem is that practitioners do not always understand the benefits and limits of rational choice assumptions. They are often even unaware of the influence of the rational choice approach on principles of good governance (Petracca 1991). The consequential risk is that well-intentioned good governance policies inspired by rational choice thinking might very well have a negative impact on the governance and output of sport organisations.

Taking up the task to reflect critically on the opportunities and limits of the rational choice approach to good governance in sport organisations, the chapter continues as follows: The second section explores the core assumptions of the rational choice approach and their relevance for good governance. The subsequent section demonstrates how these assumptions explain the importance of three dimensions of good governance that are at the heart of the debate in sport: transparency, democracy and accountability. The fourth section centres on the benefits and limits of the approach for achieving good governance. The final section summarises the discussion and offers practical advice for both scholars and practitioners.

Rational choice and good governance

This section first outlines the key assumptions about human behaviour that are common to the rational choice approach to social theory. Subsequently, it explains how institutions structure behaviour by providing incentives and constraints for self-interested individuals and how these insights influence conceptions of good governance.

The core assumptions of the rational choice approach

Rational choice is not a substantive theory in that it does not make causal claims about specific variables. Rather, it has been considered "a broad approach to social theory" (Pollack 2006, p. 31) or, similarly, "an approach to social inquiry" (Jupille, Caporaso & Checkel 2003, p. 11). The main characteristic of the approach is a set of assumptions about human nature or, more specifically, assumptions "about what motivates the individual" (Petracca 1991, p. 294). Though there is remarkable diversity among rational choice analyses, most share a general assumption of instrumental rationality. This means that individuals use the available information to rank available courses of action following a rational estimation of expected outcomes. Subsequently, they choose the course of action that best achieves their objectives. Put simply, "individuals want things, and they act in such a way as best to obtain what they want (to the best that they can discern this and subject to the constraints they face)" (Jupille, Caporaso & Checkel 2003, p. 12). This implies that human behaviour follows a 'logic of consequences' (March & Olsen 1989).

The assumption of instrumental rationality stands in contrast with a 'logic of appropriateness', in which social norms drive behaviour (March & Olsen 1989), as well as with a 'logic of arguing', in which truth-seeking actors deliberate and change their preferences in accordance with the better argument (Pollack 2006; Risse 2000). It also implies that the rational choice approach is characterised by 'methodological individualism': it treats individuals, rather than society, as the basic units of social analysis. Nonetheless, the approach is considered particularly valuable for explaining collective behaviour, which is assumed to be shaped by the aggregation of choices made by individuals. Even if some individuals may not be motivated by instrumental rationality, rational choice scholars assume large groups to be unlikely to follow the same aversion (Tsebelis 1990, p. 34–38). In addition, rational choice work often focuses on collective agents such as organisations, bodies within organisations, or entities within a polity rather than individuals. While aggregating individual preferences into a single collective preference is considered problematical, such collectives are commonly "anthropomorphised" in the sense that they are assigned interests and preferences and act strategically in relation to other collective agents (Jupille, Caporaso & Checkel 2003, p. 12). It thus often makes more sense to speak of 'actors' rather than 'individuals' in the context of the rational choice approach.

It should be stressed that there is considerable variation among rational choice analyses regarding the precise qualities of human nature. Most rational choice scholars have abandoned the idea of the 'homo economicus', who does not face constraints in information or cognition. Much rational choice work instead covers situations in which intentionally rational actors do not have (instant) access to all relevant information or face cognitive constraints in processing relevant information. In other words, most scholars implicitly or explicitly assume 'bounded rationality' rather than 'hyper-rationality' (Simon 1957). This implies that actors, while intendedly rational, are not necessarily behaving as utility maximisers. For instance, actors develop 'beliefs' about the expected payoffs of courses of action on the basis of the available information, but these beliefs may be wrongheaded (Geeraert & Drieskens 2021). They may also be satisfied with a sub-optimal status quo when the payoffs of alternative courses of action are (very) uncertain (Simon 1957). However, the most extreme departure from the canonical model occurs when rationality is narrowed down to mere goal-seeking behaviour and these goals are not (necessarily) aligned with self-interest (Ferejohn 1991). The latter implies that actors are not necessarily driven by a desire to maximise their own utility but may seek to fulfil even altruistic goals in an instrumental manner. Yet, according to Abell (2014, p. 320), self-interest is still "construed as a 'natural' assumption whereas other orientations are not". Put simply, actors are typically assumed to have at least the *intention* to maximise their own utility in terms of power and/or welfare gains.

While seeking to maximise their utility, actors do not only face cognitive and information constraints. They are also forced to deal with the strategic and institutional setting in which they operate. When individual choice is interdependent, meaning that payoff depends on the choices made by others, actors by necessity behave strategically by factoring in the expected behaviour of others (Jupille, Caporaso & Checkel 2003; Pollack 2006). However, institutions also incentivise and constrain actors and this is the most relevant aspect for the present purpose.

The rational choice approach and institutions

While a single definition of the term does not exist, scholars' interpretation of 'institution' usually depends on their research agenda (Shepsle 2006). According to Ostrom (2005, p. 3), "institutions are the prescriptions that humans use to organise all forms of repetitive and structured interactions". In her interpretation, institutions are *rules* that structure the situation by affecting "the opportunities and constraints individuals face in any particular situation, the information they obtain, the benefits they obtain or are excluded from, and how they reason about the situation" (Ostrom 2005, p. 3). More concisely, North (1990, p. 3) famously refers to institutions as the "rules of the game", that is, "humanly devised constraints that shape human interaction".

Rational choice work approaches the relationship between instrumental rationality and institutions both from an explanatory and a normative angle (Elster 1986). Regarding the former, rational choice assumptions allow predicting particular actions and consequences by "logical derivation" (Snidal 2013, p. 93). Explanatory rational choice analyses have consequently contributed to our understanding about how institutions "channel individual choices into 'institutional equilibria'" (Hawkins et al. 2006; Pollack 2006, p. 33;). They also help to explain why particular institutions are chosen or created, assuming that they are the intentional product of strategic interaction by 'boundedly' rational actors (Hawkins et al. 2006).

The rational choice approach also lends itself to normative aims because its behavioural assumptions "tell us what we ought to do in order to achieve our aims as well as possible" (Elster 1986, p. 1). Focusing on means rather than ends, however, it is not a moral philosophy that tells us what these aims should be. For instance, rational choice does not dictate that we ought to decrease corruption. Yet if our chosen aim is to decrease the likelihood of corruption, an appropriate institutional design (i.e. one that alters the incentives of individuals away from corrupt practices) can logically be derived on the basis of rational choice assumptions (Rose-Ackerman 1978). In other words, rational choice allows for establishing what constitutes 'good governance' in terms of an institutional design that incentivises and constrains self-interested actors towards the fulfilment of some stated objective, such as decreasing corruption. In corporate governance, the (implicit) objective is often maximising economic value and, more recently, creating stakeholder and broader societal values. The broad underlying goal in public governance is mostly protecting the common interest, as difficult as it is to define.

Accordingly, rational choice analyses have provided a normative justification for certain governance mechanisms that are consequently considered 'good governance'. The next section explores how rational choice assumptions may provide a normative justification for three key dimensions of good governance in sport.

Good governance in sport: A rational choice approach

This section starts by employing the rational choice approach to define some potential and known problems involving sport governing bodies and their officials and staff. Next, it demonstrates how institutional design can mitigate these problems. For the sake of generalisation, the elements of institutional design discussed here are treated at a high level of abstraction. The section therefore explores how the rational choice approach can explain the importance of now widely accepted dimensions of good governance: transparency, democracy and internal accountability.

The demand for rules of the game

Sport governing bodies can be said to act on behalf of a diverse range of sport stakeholders and governmental actors (Geeraert 2016). They have the authority to exercise functions on behalf of their member organisations and a range of internal stakeholders, including athletes. They also act on behalf of governments where they perform public functions by explicit or implicit delegation (Geeraert & Drieskens 2021). With the growing commercialisation and complexity of organised sport, the demand for coordination has increased, making it beneficial for stakeholders to allow sport governing bodies to expand their authority. These bodies consequently adopted a number of functions in addition to the governance of fundamental competition rules, including marketing commercial rights, making and enforcing disciplinary rules on matters such as doping and match-fixing, settling disputes and promoting social inclusion and a healthy lifestyle.

The rational choice approach holds that, though delegation of authority to a central body might entail functional gains, it always comes at a cost as well. More specifically, it predicts that a sport governing body will minimise its efforts on behalf of its stakeholders or pursue its own interests at the expense of its stakeholders when it has both *motive* and *opportunity* to do so (Hawkins et al. 2006, p. 8). Regarding motive, there are at least four reasons why the preferences of the sport governing body and its stakeholders may not always coincide. First, officials and key staff may be well-intentioned but, given bounded rationality, lack the information and knowledge required to implement effective policies on behalf of their principals. The rational choice approach, however, assumes that individuals are self-interested and thus do not always have their stakeholders' best interest at heart. For instance, and this is the second reason, officials and staff simply may not want to invest the time and effort required to search for, deliberate, and implement effective policies. Third, anticipating relatively higher benefits, they may also be incentivised to serve the interests of one particular stakeholder or group of stakeholders at the expense of the common interest (Mattli & Büthe 2005). Sport governing bodies indeed face diverging demands from a large and diverse group of stakeholders. To illustrate, a common charge levelled against international sport governing bodies, in particular, is the prioritising of commercial interests above the public interest (Geeraert & Drieskens 2021). Fourth, officials and key staff may be motivated by their own material interests. The litany of corruption scandals in international sport governance indeed demonstrates that sport governing bodies' accumulation of wealth and authority provides an incentive for sport officials to either use money to obtain power or use (decision-making) authority to obtain money (cf. Huntington 2002).

With regard to opportunity, stakeholders do not have the same access to information as officials and key staff. These information asymmetries provide opportunity for the latter to engage in behaviour that is undesired by their stakeholders (Hawkins et al. 2006). For instance, stakeholders may simply be unaware of ongoing corruption in the sport governing body. Of course, they can be expected to control the sport governing body when its behaviour diverges too far from their preferences. Governments can, for instance, control sport governing bodies through laws and increased oversight and sport stakeholders can form advocacy groups or seek recourse before public courts (Geeraert & Drieskens 2015). However, all these measures are quite costly, as they require time and effort.

A more cost-effective option for stakeholders is to 'optimise' the institutional design of sport governing bodies. Institutions may alter the expected costs or benefits of a particular course of action. The goal is, then, to implement rules that increase the expected costs of undesired behaviour for the decision-makers and key staff in these bodies. If effective, the stakeholders need not invest a great deal of resources to actively control the sport governing body and its key institutional actors: institutions will function as 'rules of the game' and constrain and incentivise behaviour. This explains why pushing for institutional reform following failures of governance in sport is such an attractive strategy for governments and stakeholders. It allows them to continue to benefit from the functional gains of delegating authority while reducing the time and effort necessary to control the sport governing body. After all, the more institutions adequately constrain and incentivise the behaviour of officials and key staff, the less need there is for external control. The following explores how implementing three dimensions of good governance might alter the incentives in self-interested sport governing bodies (i.e. collective agents) to that effect.

Transparency

The first dimension concerns transparency. Transparency refers to rules and practices that ensure that information is made available about an actor "allowing other actors to monitor the workings or performance of this actor" (Meijer 2014, p. 511). In practice, it entails establishing (statutory) reporting requirements and a stable practice of reporting on strategy, operations, budget and finance in a timely and comprehensible fashion (Meijer 2014).

The major benefit of transparency is the decrease of information asymmetries between the sport governing body and its stakeholders so that there is less opportunity to conceal undesired behaviour (McCubbins & Schwartz 1984). Transparency thus has an important accountability function: it increases the likelihood of experiencing negative consequences in the case of undesired behaviour. In relation to corruption, for instance, it decreases the likelihood that unethical behaviour will go unnoticed (Rose-Ackerman 1978). The availability of information indeed allows stakeholders and third parties such as NGOs, the media and individual whistle blowers to detect wrongdoings or the potential for such (McCubbins & Schwartz 1984).

More generally, however, the likelihood of experiencing negative consequences motivates individuals to perform their tasks to the best of their abilities (Bovens 2007). Indeed, transparency may lead to sanctions such as disciplinary measures or failure to win re-election for officials, but it can also function as an effective standalone sanction because it can lead to public shaming. Finally, transparency increases trust because it decreases uncertainty about governing activities and policy processes (Meijer 2014).

Democracy

The meaning of democracy, the second dimension, is subject to endless debates about meaning and definition. In line with the literature on representative, participatory and deliberative democracy, the notion of democracy here entails a system of rules that establishes competition (electoral competition between political alternatives), participation (affected actors' influence over collective decisions) and deliberation (fair and open debates). While this literature focuses on the moral desirability of related procedures, the rational choice approach provides specific instrumental arguments in favour of democratic structures. The focus is on three key mechanisms.

First, free, fair, recurrent and competitive elections provide opportunity for voters to screen and select representatives. When candidates standing for election present their skills and agendas openly and against each other, voters are provided with "reliable signals" of the underlying qualities of interest and capabilities of potential agents (Kiewiet & McCubbins 1991, p. 30). They consequently have a higher likelihood of selecting representatives that will act in their interest. Once elected, underperforming elected officials risk being voted out. This incentivises them to act in line with their constituents' interests (Fearon 1999). Elections thus perform an accountability function as they make governing elites "sensitive" to their constituents' judgement (Della Porta 2013, p. 8).

Second, participation entails that all significantly affected constituents have equal access to participation in decision-making processes while exclusion and marginalisation are avoided (Young 2000). The distribution of related procedural rights and powers allows internal stakeholders (such as member organisations and athletes) to monitor decision-makers, which decreases the likelihood that undesired behaviour will go unnoticed (Warren 2014). In addition, participation makes decisions more informed and, thus, more effective because stakeholders provide expert information that decision-makers themselves may not have (Smith 2009). It thus also allows for the introduction of new, important issues into debates about policies (Della Porta 2013). Finally, participation enhances stakeholder trust by decreasing uncertainty about the actions and interests of decision-makers.

Third and last, rules and practices that ensure fair and open debates with stakeholders and within the organisation increase the distribution of information (Elster 1998). An even distribution of information across all levels creates awareness of the actions of others, making it more difficult to hide or manipulate information on one hand and more likely that undesired actions provoke open disapproval or reporting on the other. Besides this accountability function, deliberation also has a positive impact on the quality of decisions as a result of information brought into the process (Della Porta 2013, p. 64).

Internal accountability

The third dimension, accountability is often defined as "a relationship between an actor and a forum, in which the actor has an obligation to explain and to justify his or her conduct, the forum can pose questions and pass judgement, and the actor may face consequences" (Bovens 2007, p. 450). This definition comprises both internal and external accountability. For the present purpose, a narrower, internal institutional perspective on accountability is adopted. It consists of two interrelated components: (1) a clear separation of executive, judicial, and supervisory powers and (2) an internal compliance system that enables independent entities to monitor decision makers' compliance with administrative procedures and rules of conduct.

The first component, the separation of powers in the institutional structure of the organisation, rests on the premise that no person or entity by themselves retains absolute decision-making control. It dates back to the writings of Montesquieu and Locke. In political science, it primarily refers to the constitutional separation of powers between the legislative, executive and judicial branches. Each branch is given motives and means for preventing abuses by the other ones with the overarching goal of preventing abuse of power by politicians at the expense of their constituents (Persson, Roland & Tabellini 1997). The corporate governance literature adopted this idea, advocating that a functional separation of power increases decision-making oversight by separating "the ratification and monitoring of decisions from initiation and implementation of the decisions" (Fama & Jensen 1982, p. 302). Separation of powers in sport governing bodies takes shape in independent bodies with judicial or oversight functions, including a clear separation of the board's decision-making powers on one hand and the general assembly's power to ratify and monitor decisions on the other. This component also entails the separation of executive functions, performed by management, and strategic functions, exercised by the board.

The second component, a compliance system, pertains to a system of rules which ensures "that employees and others associated with the [organisation] do not violate applicable rules, regulations, or norms" (Parsons Miller 2018, p. 981). Such 'compliance systems' were introduced to corporate governance because the separation of power in itself does not suffice to prevent abuses (Fama & Jensen 1982). They entail rules that constrain the behaviour of officials and staff by defining procedures and norms they must follow while conducting their tasks (Kiewiet & McCubbins 1991). These systems install specialised committees—nomination, audit, remuneration and ethical committees—that provide independent oversight and ensure as well as enforce compliance with these rules.

Taken together, these two components of internal accountability function to deter undesired behaviour by increasing the likelihood of negative consequences. They do so in three ways. They (1) provide mutual oversight, (2) limit the discretion of officials and staff, preventing the monopolisation of power and scope for abuse, and (3) they ensure that where internal behavioural rules are violated, individuals face sanctions.

A critical reflection on the rational choice approach to good governance

The rational choice approach lends itself to application in a variety of situations. As such, it has produced diverse testable context-specific hypotheses (Pollack 2006; Snidal 2013; Weingast 2002). One of its key feats is its capacity for hypothesising about the impact of institutions on individual behaviour. This provides the foundation for its normative influence on conceptions of good governance. Though rational choice certainly is not the only approach capable of dealing with governance and institutions, Shepsle (2006, p. 32) argues that it discerns itself by doing so with "abstraction, simplification, analytical rigor, and an insistence on clean lines of analysis". According to Weyland (2002, p. 61), rational choice indeed "has a better-integrated logical structure than many other approaches, whose assumptions are often vague and whose propositions are more loosely connected". He continues that it is this "simplicity and elegance that are among its major attractions" (Weyland 2002, p. 63). It is thus not difficult to see why rational choice has been so influential in the institutional design of a variety of organisations, including sport governing bodies.

As the old saying goes, a big tree attracts the woodsman's axe and certainly, the rational choice approach has faced serious and continued criticism. Much of this criticism relates to its reductionist assumptions about human behaviour. Critics consider these insufficient at best and hold that they result in "inaccurate renderings of the empirical world" at worst (Pollack 2006, p. 35). Rational choice scholars acknowledge that the approach does not paint a complete picture of empirical reality, but contend that such "ontological blind spots" (Pollack 2006, p. 35) are "the price of making simplifying assumptions" (Snidal 2013, p. 89). They argue that, more often than not, rational choice assumptions lead to more powerful predictions of actor behaviour than those of alternative approaches (Pollack 2006; Weingast 2002). Rather than taking a stance in these debates, the remaining paragraphs discuss a number of ontological limitations and biases of the rational choice approach and their potential implications for conceptions of good governance.

First, as mentioned, the rational choice approach does not constitute a moral theory that informs appropriate behaviour. Focusing on means rather than ends, it simply does not deal with moral issues as such: (structural) inequality, justice or democratic legitimacy (Petracca 1991). It even has great difficulty in defining what constitutes the common interest. Neutral theorising is of course one of the key aims and arguably even one of the strengths of the approach. But it does imply that a rational choice bias can lead to moral deficits in codifications and shared understandings of good governance. For instance, rational choice does not dictate the extent to which different stakeholders should be involved in decision-making policies, which can lead to power imbalances.

Second, rational choice models are often overly simplistic in that they neglect important intervening variables. This may result in over-confidence in institutional design to prevent undesired behaviour. For instance, while it is true that transparency decreases information asymmetries, it does not automatically lead to external accountability. The latter requires the presence of external actors willing and able to interpret the available information and to hold the reporting entity to account (Marnet 2007). In addition, the assumption of (self-interested) instrumental rationality overlooks a set of motivational factors that are crucial to explaining social behaviour. Cognitive and ideational variables, for instance, may impede rational behaviour. Behavioural economists draw from cognitive psychology to emphasise the psychological limitations to rationality including loss aversion, hyperbolic discounting, and framing effects (Kahneman & Tversky 1979). Even more profoundly, sociological approaches to organisation studies argue that ideational variables may influence actors' conceptions of "what it means to be rational" (Greenwood et al. 2008, p. 3). For example, individuals who regard corrupt practices as the 'normal' way of doing things may not anticipate potential repercussions (Geeraert 2018).

This brings us to a third ontological limitation of the rational choice approach, namely its blindness for ideational variables as drivers of human behaviour. Such variables are nonetheless important determinants for both individual and collective behaviour and, thus, governance outcomes. Rational theories generally do not account for how actor preferences can be determined by "supra-individual, collective factors" such as the cultural–ideational environment (Weyland 2002, p. 75). Instead, they tend to treat actor preferences as static or incorporate mechanisms of preference formation by borrowing from other (constructivist) approaches (Geeraert & Drieskens 2021). One of the most fundamental charges levelled against instrumental rationality consequently comes from sociological institutionalists, who argue that individuals follow internalised norms of appropriate behaviour without or in spite of rational calculations of costs and benefits (March & Olsen 1989). In other words, they are assumed to act in accordance with a logic of appropriateness rather than a consequential logic. Prescriptions of appropriate behaviour are determined by the institutional context in which actors—individuals and organisations—operate. In its sociological conception, institutions constitute "more-or-less taken-for-granted repetitive social behaviour that is underpinned by normative systems and cognitive understandings that give meaning to social exchange and thus enable self-reproducing social order" (Greenwood et al. 2008, p. 4–5). From this perspective, the institutional context can have a much more profound impact on behaviour than merely setting incentives and constraints. It can directly shape individuals' identities, interests and preferences through a process of internalisation via social (dis)approval. As an example, an individual may refrain from corruption, not because institutional design decreases her opportunity to do so, but because she has internalised anti-corruption norms via social interaction with her environment (Barr & Serra 2010). Similarly, a stable governance practice based on trust rather than monitoring and sanctioning may foster a culture of mutual trust and cooperation through social interaction.

Related, and finally, the rational choice approach, and particularly its institutional application, tends to focus on formal rules. The above has shown, however, that besides structural material factors, ideas and cognitive factors are also important determinants of governance outcomes. Certainly, the same applies to human agency and personal aspects of governance. Where institutional actors are not motivated by self-interest, moreover, many rules associated with good governance may even be superfluous and therefore unnecessarily increase the administrative burden put on institutional actors. Institutional safeguards may, in fact, restrict the autonomy of decision-makers and staff so much that they undermine their capacity for flexibility, innovation and taking responsibility. They may even establish a culture of surveillance and box-ticking that ultimately incentivises self-interested behaviour by institutionalising distrust (Marnet 2007). Such rules are thus prone to defeating their very own purpose.

Conclusion

The rational choice approach has clear explanatory and normative merits for good governance in sport. First, it explains why good governance is high on the agenda in sport governance. Implementing institutional reforms is a relatively cost-effective way for stakeholders to ensure that sport governing bodies, their officials and key staff act in stakeholders' interest. Second, the approach's pessimistic view of human behaviour as 'boundedly' rational and self-interested tells us that we ought to establish institutions that constrain and incentivise behaviour by influencing the distribution of information and altering the benefits and costs of potential courses of action. Simply put, without rules of the game that establish some form of transparency, accountability and democracy, rational choice predicts that unconstrained self-interest and limited access to information will almost certainly lead to governance failures.

It is clear that human behaviour is much more complex than its stylised rational choice form. While that does not mean that rational self-interest cannot explain a range of human behaviours, it is certainly not always a valid assumption in real-world circumstances. This implies that the rational choice approach to institutions has important blind spots in relation to good governance. In its baseline form at least, it does not consider cognitive, ideational or moral elements and it tends to focus on material structures rather than human agency and personal factors of governance. This leads to a number of recommendations for researchers and practitioners.

More empirical research is needed into the positive and negative impact on sport organisations of principles of good governance that are (implicitly) underpinned by rational choice assumptions of human behaviour. Yet, focusing on rational choice-inspired principles alone risks sustaining the implicit dominance of the approach. Consequently, more theoretical and empirical work is needed on the other aspects of good governance in sport organisations and on the moral fitness of specific governance principles and practices.

Practitioners can benefit from rational choice's clean lines of analysis to reflect on matters of institutional design. Nonetheless, they should be aware of the limitations of the approach. This means that they should not be overconfident in the ability of rules of the game to structure behaviour and prevent wrongdoings. They should also avoid a fixation on formal rules and procedures. Not only may this lead to unnecessary administrative burdens. A strong focus on rational choice's pessimistic view of human nature in governance practices also risks encouraging mutual distrust and preventing innovation and creativity. A reflexive approach is required to strike an appropriate balance between institutional control, on one hand, and trust-based governance with room for individual autonomy, on the other hand. Attention should therefore also be paid to moral, cognitive, ideational and personal aspects of good governance. Even if doing so is challenging, and arguably more difficult than simply implementing rules, awareness of the multi-faceted aspects of governance will lead to a better understanding of the implications of related policies and, thus, to more satisfactory outcomes for all those involved.

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