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ON MANAGING VOLUNTEERS - ABSENCE OF MONETARY COMPENSATION AND ITS IMPLICATION IN MANAGING VOLUNTARY ORGANISATIONS: THE ISSUES OF MOTIVATION, CONTROL AND ORGANISATIONAL STRUCTURE

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ON MANAGING VOLUNTEERS:

Absence of Monetary Compensation and its Implication on Managing Voluntary Organisations: The Issues of Motivation, Control and Organisational Structure

Dr Yochanan Altman

1. What is the question?

Voluntary organisations are a fascinating hybrid of contradicting tensions. They combine work with what is essentially a leisure (non work) pursuit; people offering free their time, ideas and good will but operating, necessarily, within the confines of an organisation; organisations creating capital, welfare and cultural wealth which, however, are not accounted for in the nation's GNP. [1]

There are some questions arising from these contradictions which call to task managers in voluntary organisations, as well as management educators and organisation theorists. I would like to address here one key aspect - the lack of monetary compensation (salaries, fees, pay) which is inherent in all voluntary work and its implications for the issues of work motivation, control and organisational structure.

2. Organisational Structure

I will start with a comment on organisational structure.

For simplicity and convenience, let us assume three functions in voluntary organisations.

The Board - whose role it is to create strategy, dictate policy and provide the legitimacy for an organisation's operations.

The Management - whose role it is to execute the Board's policy and run the organisation day by day.

The Workers - who do all those activities as directed by Management, under the auspices of the Board.

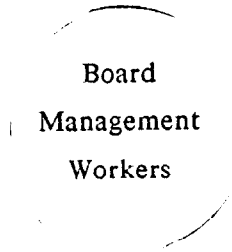
1Handy (1982) labels it "gift work" and classifies the voluntary economy as a major constituent of the informal economy.

How do these three functions relate? To examine that, I would like to describe the evolution of a typical voluntary organisation in which I became involved.

It started as a parents organisation of mentally handicapped children, initiated by a group of concerned parents who came from a similar background and shared a common vision: to provide an educational framework of ex-curricular activities for their children, on top of existing provisions.

To begin with, all three functions; Board - Management and Workers were fused, as all the three were filled by all those concerned. Consultations were informal, decisions were taken ad-hoc and work was shared according to need and ability. (Figure 1).

Figure 1: First stage in the evolution of a voluntary organisation.

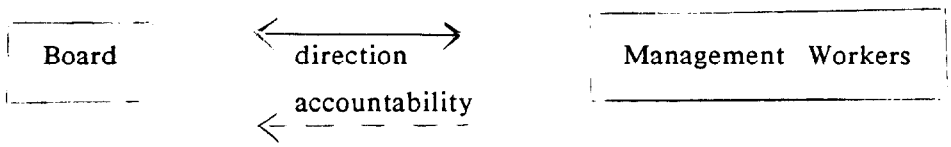


A stage of fusion in all three functions: everybody is doing everything. All volunteers.

Soon it became apparent that some professional guidance was needed and the parents sought the assistance of a professional youth worker. The appointee became a fee paid worker, accountable to the founding group and directed by them. He in turn was also expected to direct them on professional matters and general advice.

Thus, although the stage of fusion in roles was still apparent, a structure began to emerge (figure 2).

Figure 2: Second Stage in the Evolution of a Voluntary Organisation

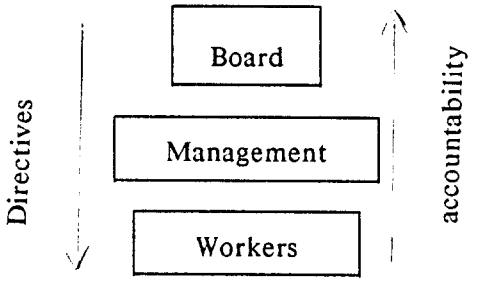


A stage of separation between the Board function and between Management and Workers. Some of the management and workers functions are paid.

At Stage 2, the Board has had to develop a clear set of instruments to monitor activities; and the fee paid worker, who filled a Management as well as a Worker function, reported to them on a monthly basis, in effect, by submiting pay claims. Relations were very informal, particularly as most Workers were also taking management decisions and quite a few of them constituted the Board. However, some formality was clearly inevitable because by that time the voluntary organisation assumed the status of a charity and had to accept financial and other scrutiny.

Before not too long, activities expanded and so did the (voluntary) membership. Plans and aims expanded as well. On the other hand, fund raising became now a focused necessity. A full-time worker to manage all these was required. He was followed by a part-time (paid) assistant/secretary. By now our voluntary organisation assumed a clearly differentiated structure.

Figure 3: Third stage in the evolution of a voluntary organisation



At this stage a clear separation between the three functions is apparent. Management is professional and paid. Board and Workers are volunteers.

Differentiation at the third stage has taken the form of clear divisions between the three functions. The formulating of strategy, policy and key decisions were with the Board (composed entirely of volunteers) - as the organisation grew the need for a long time strategy developed and this had to follow with a detailed yearly plan countered by an appropriate budget. Management was by and large composed of professional paid functionaries. Their role was to translate the Board's decisions to activities, to report back to the Board and institute recommendations for future activities; and of course to manage the Workers, which by now became the size of a small army - all volunteers.

Although the organisation evolved with the years, and some of its aims and principles have changed, the basic structure remained the same. It is still directed by

volunteers (the Board) and most of the Workers are volunteers. Management, not untypically to mature voluntary organisations, is composed of professional paid workers and 'sandwiched' in the hierarchy between the (voluntary) Board and the (voluntary) Workers.[2]

By now, our voluntary organisation has assumed a structure similar to any formal organisation, or has it?

Although, on the surface, the mature voluntary organisation resembles in its structure any other formal organisation, there remains a core difference: two out of its three functions are not getting paid for their work - neither the Board nor the Workers are paid. Yet money is a cornerstone in organisational theory and practice. If we take money away, we are left with a lull in the organisational process, which requires some explaining.

I would like to discuss the implications of the lack of money at two levels: first, at the interface between Management and Board and second, at the interface between Management and Workers.

3. The Management - Board Interface

Two aspects are common to the interface of Board vis-a-vis Management: First that Board members are not paid, while Management are. Secondly, that Board members normally work less (hours per week) than Management.

This, however, is not limited to voluntary organisations. Voluntary or honorary unpaid Board membership is common to many public or even private organisations. Organisations will want to have persons with special skills, resource access or public relations profile on their Board; while individuals will want to be associated with significant institutions where they may make an impact.

It is when no-one of the Board is in paid, full-time status - a situation common to many in voluntary organisations - that some characteristic vulnerability creeps in.

2This is, of course, an abstraction. One can find different structures and combinations of voluntary/paid functions in voluntary organisations. Handy (1988) distinguishes five categories which can overlap. The above composition is discussed, because it highlights some of the "classical" issues facing voluntary organisations.

Firstly, we are likely to see a gradual reversal of dependency relationships. While in traditional organisations power filters down the hierarchy, here it is Management who are in possession of the information, know-how and time to develop strategy and implement policy. While Management are in full-time capacity, Board members are (voluntary) part-timers. Board members' term of office tends to be fixed and its size (much larger than in commercial firms) would limit effective communication and decision processes (Unterman and Davis, 1982 in Bowman and Asch, 1987). If the operational structure is such that Board meet only occasionally and particularly if the turnover of Board is more rapid than Management, then, with time, Management will have to take over from Board some of its functions.

Or a power vacuum may develop in which neither Board nor Management feel they have the mandate and hence the responsibility to run the business. As a result, decision taking may become haphazard and a tendency to accept higher levels of risk than justified (the 'risky shift' phenomenon: Stoner, 1968).[3]

I recall a major UK fund raising charity, whose Board was composed of some of the leading businessmen in this country and whose decision making process was as described above. The commentary from Management was "they (the Board members) wouldn't dare manage their <u>own</u> business like that".

A common solution to combat Management 'take over' of Board functions are joint ad-hoc committees composed of Board and Management, who meet frequently to take decisions. But in such a framework where Board members are putting in the time and effort required, comparison with Management is inevitable: "we work hard for free and they get paid" is the counter complaint.[4]

Another outcome of the shifting dependency relations between Board and Management is that Management may be tempted to appoint its 'Board' rather than the other way round (Gouldner, 1963). I have seen it in more than one organisation that Management is looking around to push forward the candidacy of a sympathetic chairman who happens to be an 'old boy'.

3Stoner (1968) found that there was a significant tendency for groups to go for relatively risky decisions. One explanation for this is the diffusion of responsibility: you can blame the group (and hence no one in particular) if things go wrong. In Wilson & Rosenfeld, 1990. However, also an opposite tendency, to opt for more conservative decisions was found (Lamm and Myers, 1978).

4"The paid staff of a voluntary project asked the Committee for an improved mileage allowance. The Committee rejected the request because <u>they</u> do not claim allowances for coming to the Committee". (from the Handy Working Party, 1981 p.8). (Emphasis not in the original).

4. The Management - Workers Interface

Pay is a major constituent in organisational relations. Lack of pay poses some intriguing questions. These would be formulated as follows:

How do you motivate and control people without paying them?

4A Motivation

Why work? Is a question that has occupied management theorists and practitioners ever since the dawn of the Industrial Revolution, when work was separated from non-work and became a regulated, managed activity.

If one had the option, would one want to work? In other words, is work to be treated as a necessary evil and hence, externally driven; or is Man internally inclined to work and motivation is therefore an intrinsic matter.

Not surprisingly, the answer to this question is a matter of opinion. McGregor[5] coined this Theory X and Theory Y, - "an abstraction or typology of the internal attitudes and assumptions about people held by a manager" (Schein 1989).[6] The two belief models can be summarised as follows: while one view advocates that people have to be driven to work (Theory X), the other believes that "work is as natural as play or rest. The average human being does not inherently dislike work" (Theory Y: McGregor, 1960, p47).

See Table 1: **Two basic assumptions concerning people and work**

Theory X **Assumptions about People**	**Theory Y** **Assumptions about People**
Most people ... ■ Dislike work and want as little as possible to do ■ Dislike responsibility ■ Resist change	Most people ... ■ Enjoy and want meaningful work ■ Like responsibility ■ Will adapt to change

5D McGregor, The Human Side of Enterprise, McGraw-Hill, 1960

6An interview with E Schein, Organizational Dynamics, Autumn 1989, p.67

■ Are indifferent to organizational goals	■ Are committed to meaningful organizational goals
■ Are primarily motivated by money	■ Are primarily motivated by challenging work
■ Prefer to be directed	■ Prefer self-direction

One should emphasise here that these views have nothing whatsoever to do with voluntary or non-voluntary organisations. However, pay does conveniently camouflage the issue while lack of pay necessarily exposes it. If you pay a person you - as Management - can be in a position to standardise your expectations from him/her. Management can tell employees what to do, how to do it, etc.

Things get more complicated when handling voluntary workers. While one can be excused for advocating a Theory X model in the goldmines of South Africa or the *goulags* of Soviet Russia, it would be difficult to defend the absence of a Theory Y approach to volunteers working with mentally handicapped children or geriatrics with Alzheimer disease. Yet, Theory X - the conventional management approach, is still very persuasive. I found it quite common in the voluntary sector. Management simply overlooks the lack of pay and manages as if pay has not been a missing component in the labour process. Management "tells" Workers what to do, it employs close supervision, it repudiates rather than rewards - and sometimes it works! because if that is what people come to expect, this is what they will be content with.[7]

4B Control

Pay does not only simplify the "why work"? question, it also simplifies another key aspect of organisation life- control.

By rewarding monetarily Management has a clear, neat, easy-to-implement tool for rewarding differentially on effort, seniority or grade, by universalistic criteria.

7 38% of UK voluntary sector chief executives preferred management style is authoritarian and the majority of UK health charities are predominantly authoritarian (Gerard, 1983). More often than not, conservation could imply a theory X approach.

Pay has a most convincing case for supporting an organisation's structure and what is intriguing about it is that it has both *motivational* as well as direct *control* properties. Herzberg, in one of the most influential models on human resource management[8] distinguishes between 'two dynamics' in managing people. One he calls Hygiene-Pain Avoidance - an outline of the necessary set up for a given job (unacceptable work conditions will cause dissatisfaction). The other dimension he calls Motivation-Growth and this is to do with what generates satisfaction (which is not the opposite of dissatisfaction).

Pay is clearly a hygiene factor, even high pay - because in Herzberg's view *rewards* as much as punishments, are external to the contents of a job. To 'buy' someone through high wages does not improve the quality of one's job.[9] At the same time people regard pay (salary) as a motivating factor, as figure 4 demonstrates. No doubt, because money is directly associated with other motivating aspects such as acceptance/recognition and status.

Money blurs yet another issue - the legitimacy of an organisation, any organisation. As salaried employees, people would rarely stop to question the legitimacy of the organisation employing them: is its practice sound? are its services (products) ethical? is its conduct right?

But the lack of money throws the issue of legitimacy into the ring, since the absence of pay necessarily forces forward the questions of "what is it all about?" and "what are we doing here anyway?". Volunteers will more easily assume responsibility for challenging such questions than are likely to do paid, salaried employees.[10]

Money, then, is an ideal controlling and regulating device. Management in voluntary organisations has to do without it. What can one do?

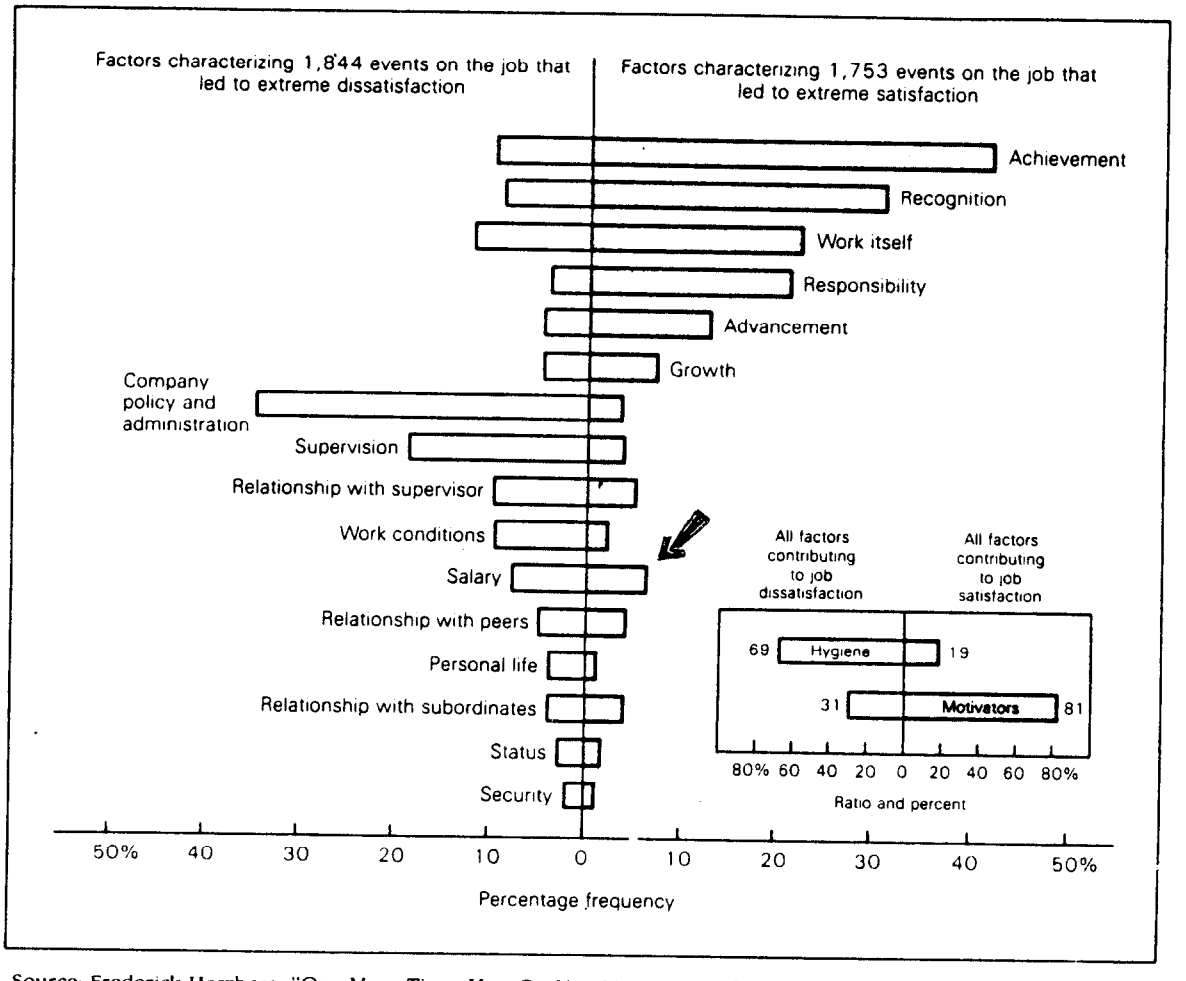
The most common approach is, as you might expect, to *replace pay* with other controlling mechanisms. Let us examine some examples in-depth.

8Harvard Business Review paper "One more time: how do you motivate employees?" sold 1.3 million copies (Management Newsletter, Vol. 4, No. 3, May 1991)

9there,there

10 Heginbotham (1986) laments this "tendency towards collectivism" (p14) to debate even minor policy decisions as a hurdle in efficient management in the voluntary sector.

Figure 4



Source: Frederick Herzberg, "One More Time: How Do You Motivate Employees?" *Harvard Business Review*; January-February 1968, p. 57. With permission. Copyright © 1967 by the President and Fellows of Harvard College; all rights reserved.

5. Working Voluntarily Without Pay - Some Institutional Examples

There are numerous organisations in which people work without pay, usually in a voluntary capacity, for only a portion of their total working time and at specified periods during their career.

Less commonly, though not rarely, organisations operate on the principle of lack of pay altogether, usually as an ideological stand. Members of those organisations will be expected to work in full employ without drawing a salary. While there are some notable *temporary* organisations in this mould (e.g. the Hippy communities of the 1960s), among the more permanent institutions one can mention are religious orders of various kinds and utopian communities. It is of interest to try and delineate the principles that govern their operation and I shall do that by focusing on the

experience of the Israeli Kibbutzim - socialist utopian communities, which have been in existence for the past eighty years.[11]

Kibbutz members do not draw a pay for their work: anything earned goes into the communal purse and individuals are given fixed amounts of personal budgets, which in principle, are not related to performance. Yet Kibbutzim, as working-producing organisations and in common with other egalitarian communities of their kind, are renown for having extremely high productivity morale. While sustaining a traditional organisational structure comprised of professional Management, lay Workers and a separate Board (which is often the Kibbutz General Assembly, not unlike voluntary organisations). How do they do that?

These following principles govern their operations.

First, there is in existence a highly developed (though largely unwritten) code of practice, whereby members are expected to behave according to set norms. A great deal of time and energy are put in debating these norms and deviation from them will trigger the exertion of social pressure. Since these are *total* communities - people not only work, but also live there with their families, such pressure is very effective.

Second, there is tight control over entry and exist (i.e. who mertis to be a member). Even if born into the community, one cannot automatically assume membership. Outsiders will have to undergo severe testing as to their suitability and fit; on the other hand, while those who decide to leave would be encouraged to distance themselves and in the past were commonly branded as 'traitors'.

A strong boundary (differentiation) exists between the inside and outside. Inside the organisation all are equals and therefore pay is irrelevant. One works hard if that is the norm. The outside is fairly irrelevant anyway, because all efforts are concentrated on creating a harmonious community of equals - a 'Garden of Eden', sharply contrasting with the world outside. Hence a preference for work inside the community and self-sufficiency in services (e.g. education), in an attempt to tighten the boundaries between the inside and outside.

11Kibbutzim are probably the most researched among utopian communities. The forthcoming analysis is not based on any particular publication and it incorporates the author's own experiences living on and working with Kibbutzim.

The third mechanism employed is the emphasis on communally binding institutions and rituals. Traditionally, Kibbutz members would eat their meals in a communal dining hall, would opt for group based entertainment and invest much time and effort in group based processes (communal decision taking, discussion groups, team projects, etc.).

In such circumstances, differential pay as a means of managing (controlling, regulating) work performance is unnecessary. *Social control* has taken over from managerial control. Motivation is effected by normative behaviour.

To bring it back to our context, if you manage a voluntary organisation and can effect one or more of these three principles: A strong normative code of conduct, tight boundaries and binding traditions/rituals, then the problem that the absence of pay causes, can be overcome by substitution and without changing the established organisation structure and processes.

6. Organizational Structure (Revisited)

I opened with a comment on organizational structure and I would like to end with it. What I attempted to do is to discuss the implications lack of pay has on managing voluntary organizations of the traditional mould, as depicted in figure 3: a functional separation of roles between Board - Management and Workers. Some remedial action was suggested, based on the experience of egalitarian communal organisations.

What characterises this approach is the wish to substitute a missing component (pay) in the organisational structure with something else. Is there a totally different approach possible? Is there an alternative?

I think there is.

First, one needs a different set of institutional assumptions. Instead of a traditional 3-tier hierarchy of control (as depicted in figure 3) an atomized structure is envisaged, based on project groups (or even individual groups) who are essentially self-supporting and self-managed. Each project group is a (mini) organisation by its own right, comprising of Board-Management-Workers functions. The one and only requirement is that what they do stays in line with the general organisation's aims, philosophy and principles.

An example may be in order.

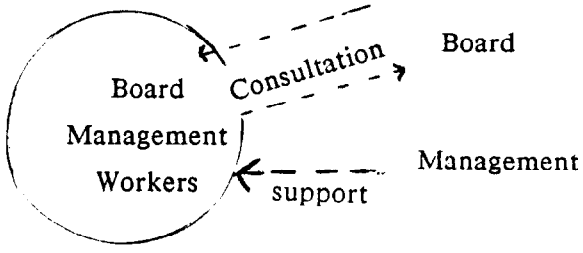
Within the framework of a UK charity whose aim was to support inner city communities in distress, a group of dental practitioners took it upon itself to provide free dental service to a deprived neighbourhood.

The group initiated and owned the idea, managed the process and monitored its development. It recruited the volunteers (through personal contacts and via the professional press), it determined the precise nature and aims of its activities and eventually even developed its own fund raising arm.

Management role was limited to back-up support: administering the voluntary rota, negotiating a lease agreement and financial aid with the local authority and assistance with accidental expenses.

The working of this 'organisation within organisation' is portrayed in Figure 5.

Fig. 5 Organisational Structure of an 'Alternative' Voluntary Organisation



A "mini" organisation within the larger organisation has evolved, comprising all three functions: Board-Management-Workers, essentially self-governed and self-managed, with back up assistance from the parent organisation's professional management and in consultation with the Board of the parent organisation.[12]

Note the resemblance in structure to stage 1 in the evolution of Voluntary Organisations. (Figure 1). A small group, focused activity, self-reliant. Professional management is there to support and guide, but as an external agent.

Are there any drawbacks to that structure? Depends on one's point of view. The possible drawbacks from the larger organisation's point of view are that this structure

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12Handy (1989) calls this a "federative" structure.

has an inherent anarchistic potency.[13] Before not too long, the mini-organisation may decide that it could do without the protective support and guidance of the parent organisation and will secede to form its own independence.

But is that bad?

c Altman, May 1991

13Since it goes against the ingrained drive of an organisation to perpetuate (Gouldner, 1963)

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