

# **Nonprofit-Management - Current Challenges for Personnel Management in German Welfare Organisations**

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## **1. Background and development**

A large number of publications deal with management issues<sup>1</sup> in nonprofit organisations (NPOs). Nonetheless, a specialised focus on the personnel management point of view is not very common. With regard to the particular situation and the issues arising from that, this is surprising all the more considering that paid and especially unpaid work in NPOs is being assumed to be critical to social integration, civic participation and social capital.<sup>2</sup> If this was true, the effects and importance of changes in working conditions for professionals and volunteers in NPOs would exceed single organisations, and problems would be more than mere management issues.

As to the scope and significance of labour in German NPOs, welfare associations have an outstanding position. In 1995/ 1996, they accounted for an estimated 80 % of all jobs in the third sector.<sup>3</sup> Moreover, they have gained

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1 For a practitioner's view see, for example: Badelt, Christoph (ed.) (1999) and (2002), Nährlich, Stefan/ Zimmer, Annette (Hrsg.) (2000) or Hay, Robert D. (1990). For a rather economical approach see: Weisbrod, Burton A. (1988), Rose Ackerman, Susan (1986).

2 Cf. Putnam, Robert D. (1993) and Putnam, Robert D. (1995). Putnam's findings are increasingly challenged. More critical: Braun, Sebastian (2002). A Norwegian study gathers evidence that active participation in NPOs does not necessarily lead to formation of social capital, whereas there is a positive correlation between affiliation and social capital: Wollebaek, Dag/ Selle, Per (2002).

3 According to Johns Hopkins, the overall employment in the German third sector was about 1.33 million persons. The BAGFW as an umbrella organisation for the six leading welfare associations counted about 1.1 million employees within the *Spitzenverbände* alone. Though comparison of these data is not without problems due to the different survey and compiling techniques, these figures do give an impression of the importance of welfare

a significant role in national economy and labour market within the past decades.<sup>4</sup> The six biggest associations referred to as “Spitzenverbände der Freien Wohlfahrtspflege”, namely: Diakonisches Werk (DW), Deutscher Caritasverband (DCV), German Red Cross (DRK), Arbeiterwohlfahrt (AWO), Der Paritätische (DPWV), and Zentralwohlfahrtsstelle der Juden in Deutschland (ZWST)<sup>5</sup>, occupied about 1.2 million employees in 2000 (BAGFW 2001: 7). This is more than the whole agricultural sector did.<sup>6</sup> Moreover, they organised about 2.5 to 3 million volunteers and had several million passive members.<sup>7</sup> Their relationship among each other can be specified as cooperative in most working fields, as can be seen in many partnerships and joint ventures on local, single state and national level.<sup>8</sup>

Welfare organisations in Germany are part of an exchange system as shown in figure 1. In this system clients are legally entitled to receive certain services. In many cases these are not offered by governmental institutions but by welfare organisations. In return for such services they receive funding from public sources. The *Spitzenverbände* get a considerable part of their funding from governmental sources and social security institutions such as (statutory) health insurances or social service departments. These earnings were safe and reliable in the past. However, due to recent developments the situation of labour (and its integrative role for society) has changed considerably. This seems to be true for both paid and unpaid work on different levels. While possible consequences on the macro-level are recognised, this article mainly focuses upon effects on the meso- or micro-level, namely the effects and impacts for personnel management in welfare organisations. As there are many of them, they will be organised in categories which allow a short overall view and will give insight to resulting problems.

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organisations within the third sector labour market. Cf. BAGFW (2001); Salamon, Lester M. (1998).

4 Cf. Anheier, Helmut K./ Priller, Eckhard/ Seibel, Wolfgang/ Zimmer, Annette (Hrsg.) (1997).

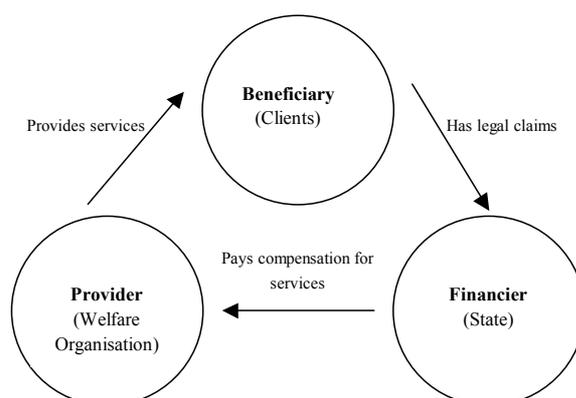
5 Three associations have a religious background: Diakonie is closely related to the Protestant church, Caritas to the Catholic church and ZWST to the Jewish community. The German Red Cross is part of the International Red Cross Movement, whereas the Paritätische serves as an umbrella organisation for many other organisations.

6 Compared to the average of 22 nations in Johns Hopkins Comparative Nonprofit Sector Project, this is still under the average of 4.9 %. Salamon, Lester M. (1998).

7 Cf. BAGFW (2001). There are doubts concerning the exact number of volunteers as numbers between different sources vary considerably.

8 Nevertheless there is a competitive attitude in some areas and eventually these organisations are distinct in some ways.

**Figure 1: System of Financing Services and Products provided by Welfare Organisations**



After a period of rapid growth in the 70s and 80s, German welfare organisations experienced increasing pressure from outside in the last years. Above all, the cuts in welfare expenditures going along with a small degree of market liberalisation are to be named. Regarding the dependence on government funding, this naturally had considerable impact on the financial situation. Furthermore, the crisis in public administration enforced the search for new forms and methods of administration. This resulted in the introduction of New Public Management to the local administration – which is the most important partner and financier of social work in Germany. New forms of cooperation and negotiation were brought in and a fundamental principle, the system of full cost reimbursement, was abandoned. With full cost reimbursement, welfare organisations had a guaranteed full cost coverage for their facilities, irrespective of the height of their costs (as long as they were plausible in a way), of efficiency or effectiveness. To talk in terms of decision theory, this situation could be described as decision-making without risk.<sup>9</sup> Beginning in the late 90s, the paradigm of cooperation changed. The former system was replaced through a system of payment for services, the monopoly held by welfare organisations through a quasi-market.<sup>10</sup> So, coverage of full costs was no longer guaranteed and, instead of costs, prices of products and services became the basis for negotiations

<sup>9</sup> Cf. Bamberg, Günter/ Coenenberg, Adolf Gerhard (1991).

<sup>10</sup> As the term 'quasi-market' indicates there still is no market in a traditional sense.

between suppliers and financiers within the exchange system. This leaves overhead costs, especially costs for administration, facility management etc. to the risk of the suppliers. Business risk shifted towards the welfare associations which now have to cope with decision-making under uncertainty or risk requiring appropriate management tools (Vilain, Michael 2000). And while costs rise automatically and earnings stay at the same level or even drop, they additionally have to deal with cost-earning scissors. Coping with it normally results in a higher cost consciousness and cuts in costs. This again affects the employees since in service production, wages account for a big share of overall costs and, therefore, hold the most interesting saving potentials. Finally, cuts in public funding affect many policy fields and a great part of society. This supports the emergence of distribution conflicts, one side effect of which is an increasing awareness of mismanagement in public administration and also in welfare associations. Here the fast growing number of reported scandals might serve as a proof. In order to avoid such scandals, which can be seen as a sort of public punishment for mismanagement and poor performance, organisations have to rethink their structures and skills and professionalise their work.

While organisations are facing these challenges on the one hand, they have to struggle with structures dating back to the time of their origin in the late 19<sup>th</sup> century and resulting from their dependence on governmental funding on the other. Decentralised, relatively autonomous working regional units or facilities and inflexible bureaucratic hierarchies within the organisational units are characteristic for this situation. Being caught between the necessity for change due to a dynamic surrounding and the inability to act due to static structures and mentalities evidentially also affects the working conditions. Some relevant issues related to personnel management shall now be discussed. Management of professionals and management of volunteers will be treated separately in order to emphasise the different backgrounds and problems. After showing some management dilemmas in chapter 2 and 3, possible ideas and some suggestions for a way out will be discussed in chapter 4.

## 2. Challenges for Professional Work

Basically, all areas of personnel management are affected by the struggle discussed above: staff recruitment, assignment and layoff as well as human resources development and administration, and finally everyday management

of staff (Decker, Franz 1992). However, only a few aspects can and shall be highlighted below.

## 2.1. Skills and Training

“Changes are faster than I can handle them” is a very honest statement one can hear from practitioners in welfare organisations these days. It consists of three findings: First, there is a fast-changing environment. Secondly, there is a necessity of adapting and thirdly, the requirements of the fast-changing environment are not reached. Because of the reasons mentioned above, changes in the environment of welfare organisations have picked up considerable speed in the past decade. The *Spitzenverbände* are opposed to higher legal, administrative and political demands as shown in table 1. Especially rising demands from clients and patients but also from public opinion, legislation, and taxation call for higher professional and administrative skills.

**Table 1: Rising Demands for Staff in Welfare Organisations**

Professional skills	Higher demands from patients and clients result in pressure for higher vocational training
Scientific view	Pressure to transfer new theoretical findings and methods into practice
Administrative skills	Increasing efforts in financing, insurance and tax matters and in cooperation with public administration necessary.
Legal issues	Social and health care are subject to a growing number of laws and legal regulations
Political issues	Rising demands in lobbying and interaction with political system

As a consequence of the new exchange system paradigm (quasi-market and abandonment of full cost reimbursement) there is a growing competition between different welfare organisations and between welfare organisations and commercial suppliers. This adds to the risky environment, thereby enforcing the search for new management techniques, i.e. in marketing, accounting or financing. But how can new management technology be integrated into the organisation? Basically there seem to be two possible ways.

— *Firstly, the development of existing staff.*

This appears to be the most logical solution. But, most organisations do not have staff development schemes and many have never really considered upskilling their personnel.

— *The second possibility is to recruit new personnel.*

But, recruiting managers (especially from commercial enterprises) can result in problems as well. The management style they represent often does not take into account the particular needs and conditions of welfare organisations and its personnel. Especially dealing with values and political processes within and without the organisation gives them a hard time. Mostly they have to be trained on the job. Due to the comparatively low wages many good executives are not willing to work for a welfare organisation.

## **2.2. Motivational Problems, Clash of Rationalities and Failure of Management**

Psychological issues of management play a vital role for welfare organisations as well. The rigid administrative regulations together with the bureaucratic hierarchies as well as the dominance of subsidies and a no-risk management surrounding turned management into being passive and rather resource-oriented in the past. Now, the new dynamic situation calls for reforms. For executives socialised in the old system this is a problem and some are not able to take the necessary action while others may not be willing to. The past years therefore have seen quite a few insolvencies and business collapses caused by management failures.<sup>11</sup>

But paid executives are only one reason for this. Another reason is the importance of honorary boards. Most welfare organisations in Germany are lead by honorary boards. Their members usually do not get paid in any way and only invest little of their leisure time in order to fulfil their duties. Sometimes they only have little organisational and professional skills. Nevertheless, they often decide budgets easily exceeding several hundred thousands or even millions of Euro. While some boards or board members interfere in everyday work of professionals, others only meet twice per year. Struggle between board and executive management is a logical result and widely spread among the top management in welfare organisations. Thus, the quality of the board is of strategic importance for the future of most welfare organisations (Langnickel, Hans 2000).

Similar to other western countries<sup>12</sup> several elements are also typical of the situation of the workforce in German welfare organisations, namely its rather high concentration of part-time and temporary staff, a high proportion

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11 A striking example is the bankruptcy of the German Red Cross in Berlin. Mismanagement was the main reason here.

12 See for example Almond, Stephen/ Kendall, Jeremy (2000), 205-231.

of employees who work in poorly paid jobs and the high share of female-employees. Further, there are a lot of subsidised jobs which play an important role in governmental employment policy. Those employees working under normal conditions are being paid in a most inflexible way. The “Bundesangestelltentarif (BAT)” (a salary scale for public employees set by the government)<sup>13</sup> only allows income increases according to formal qualifications and age. Performance bound rewards are nearly impossible under these circumstances. Due to powerful labour laws (like the protection against dismissal) and collective agreements, negative sanctions are nearly impossible as well. Therefore, performance usually has little importance for the level of income.<sup>14</sup> With wages losing their incentive character, personnel management loses one of its most vital instruments. This can be seen as a structural problem of personnel management in German welfare associations. The system in many ways depends on intrinsic motivation of the professionals. Many professionals are motivated this way. But most of the routine work is done by professionals in poor working conditions and this often has negative consequences for overall performance.

Good or innovative concepts and techniques of personnel management tend to fail under these circumstances as will be shown for the team concept as an example:

Today, teams are a normal part of organising work in profit- and nonprofit organisations and often thought of as a “holy cow”. However, outcomes between different groups under different conditions vary considerably (Malik, Fredmund (2001)). The team concept originally was adopted from US-Management. There it is embedded in highly flexible working surroundings. The hire-and-fire principle and the possibility of using payment as an incentive supports a performance oriented atmosphere. The same concept in an institutional setting like the one outlined above can have totally different effects. Since there are neither incentives for good nor sanctions for poor performance, results are often beneath expectations. The missing means of sanctioning single persons which endanger the group performance frequently leads to frustration, especially for those employees doing a good job (which is not being rewarded). Since there is no reason to increase efforts under these circumstances, output will drop to a lower level. Maybe these are some of the reasons why teamwork sometimes is associated with a “management by coffee-break-principle” or leads to high frustration and absenteeism.<sup>15</sup>

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13 Additionally, there can be different tariff systems like that for employees of the church (KAT) or a special Red Cross tariff (DRK Haustarif). Normally they are following the BAT.

14 Even if it had, the use of controlling instruments and output-measurement is underdeveloped in a way that it would be hard for management to proof poor or good performance.

15 Decker already shows some of the problems resulting from the outlined structures in a short case study comprising the German Red Cross and the Johanniter Unfallhilfe in 1992:

Due to these conditions, there is little chance to bring about a change in management style if some of the staff is reluctant. Active managers often fail because of these surroundings.

If those in charge and their staff accept the challenge, they often turn to practises of commercial enterprises. This is not surprising since their instruments are designed to cope with uncertainty and risk. But, though commercial management techniques (cost accounting, controlling, quality management etc.) can help to some extent, they are no universal remedy (Boeßenecker, Karl-Heinz (2002: 207). Especially they do not replace know-how of social and health services. Moreover, they import a different rationality focusing on effectiveness, efficiency and output and if they are not adapted to the specific needs of NPOs, they bring upon new problems.

They, for example, frequently lead to frustration in a surrounding dominated by a rather caring or helping attitude especially common with highly intrinsic motivated volunteers and professionals. At this point, management has to integrate both views which is especially problematic as a theoretical NPO management concept which could achieve such an effort is only just evolving.<sup>16</sup> Practitioners have therefore developed an attitude of muddling through and doing a little bit of social work and a little bit of business administration having problems in defining the interfaces.

### 2.3. Integrating Heterogeneous Forms of Employment

Just as other third sector organisations, the *Spitzenverbände* offer many different forms of employment.<sup>17</sup> Compared to private enterprises (where most work is financed by selling products and services), the financing in welfare organisations is far more complicated. Many jobs are fully or partly subsidised by government. That means there are rules and regulations in order to obtain the money for them. All forms of employment differ to a certain degree as to underlying laws, regulations and taxation.<sup>18</sup> They also

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missing motivational structures and personnel management concepts result in absenteeism, low performance and staff shortage. It seems that little has changed since then. Cf. Decker, Franz (1992), 312.

16 There are quite a few approaches, though, trying to integrate the economic and social or health point of view which traditionally have a rather hostile attitude towards each other, like the recently designed studies for social- or hospital and healthcare management. Cf. Boeßenecker, Karl-Heinz (2002), 206 ff.

17 Also Rauschenbach, Thomas/ Schilling, Mathias (1995), 324 f.

18 See Runggaldier and Drs for a short overview of the different legal conditions for some of

vary as to the motivation of the employee, the duration of employment and the working time (table 2). Whereas earning money is a main motivation for work in a commercial enterprise, the staff in welfare organisations often work for less or no payment. Volunteers, for example, may have very different personal reasons to engage, whereas men doing their community service or their alternative service do this because they are obliged to instead of military service. Trainees and apprentices get paid poorly most of the time, and they work in order to qualify for a job. Unemployed or disabled persons participating in job creation or integration measures try to (re)integrate themselves into professional life. They are sometimes urged to participate. Most of the time they get paid anyway whether they work or not. Since plans to reduce long-term unemployment account for many jobs, welfare organisations often have to cope with psychological problems and poor working quality of long-term unemployed. Costs of integrating this staff can easily exceed benefits from subsidies. This is one reason why jobs often run out when subsidies end. Mostly, the unemployed only change from one to another form of subsidised work in another organisation. Though many of these jobs directly aim at integrating long-term unemployed or disabled persons, it is doubtful whether this is proof for the integrating ability of welfare organisations. This even more if one regards the success of job creation measures (ABM) in general.<sup>19</sup>

**Table 2: Forms of Employment in Welfare Organisations**

<b>Form</b>	<b>full-time/ part-time</b>	<b>Duration</b>	<b>Financed by <sup>a)</sup></b>
Job Creation Measures	full-time	12 months	Federal Employment Agency
Community Service	full-time	10 months	Federal Ministry
Alternative Service	part-time	7 years	Federal Ministry
Voluntary Social Year	full-time	6 to 12 months	Organisation itself
Integration Measures	full-time	varying	Welfare Organisation and Social Affairs Department
Honorary employees	several hours p.m.	varying	Organisation
Marginal part-time workers	few hours p.w.	varying	Organisation
Part-time employees	part-time	varying	Organisation
Employees	full-time	varying	Organisation
Voluntaries	part-time	varying	
Officials/ functionaries	part- to full-time	varying	
Trainees	full-time	12 months	mostly Organisation
Apprentices	full-time	2-3 years	mostly Organisation

the employment forms of table 2. Runggaldier, Ulrich/ Drs, Monika (1999).

19 Until now, there are no reliable data on the effects of job creation measures. Single studies show that there is no sustainable result (long-lasting job) for over 90 % of the unemployed participants. Cf. Wüllenweber, Walter (2001), 16.

\*) Predominantly.

This diversity accounts for or at least aggravates some of the management problems. Planning labour deployment and administrating the work force of a middle-sized organisation already is a real challenge under these circumstances. As many employees stay in the company only for some months and others stay there for decades, management must develop different tools to fit qualifying and developing needs of personnel. Managing the heterogeneity is a major effort in welfare organisations.

## 2.4. Recruitment Dilemma

The basic conditions shown so far also have consequences for recruitment of personnel. Low payment and poor working conditions reflect the lower image of social professions in Germany in comparison to other academic or non-academic jobs or other industrialised countries. Considering these circumstances, it is not surprising that there was a shortage of personnel in recent years and still is. This is true especially for nursing personnel, social workers and higher management.<sup>20</sup> Many qualified people leave their jobs because they get frustrated with the working conditions or are dissatisfied with payment. For many young people these jobs are no longer attractive. Because wages are not flexible, the shortage cannot be compensated through an efficient labour market by rising wages or adding incentives. This leaves welfare organisations with a permanent deficit of staff.<sup>21</sup>

## 3. Challenges for Volunteer Work

In contrast to commercial organisations, volunteers<sup>22</sup> form a central part of

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20 Due to the lack of available labour force, especially for higher management, often persons with lower qualification are chosen instead. This can produce new problems referring to quality of management and aggravates some of the tendencies described before.

21 Beck, Martin (2002): Fachtagung Personalmanagement gewinnen und halten. In: Sozialwirtschaft aktuell. No. 10, 2002, 2 f. Though the rising demand for social and health services lead to an increase in overall employment in welfare organizations, the demand for personnel could not be fully met. This gap between supply and demand of personnel widened in recent years.

22 Talking about "volunteers" ("Freiwilligenarbeit") only is a simplification which does not take into account the different aspects of the issue which, in Germany, are reflected through

NPO working force. Management for volunteer staff is different to that of professional staff, thereby enforcing integration of two very different rationalities. Often personnel management is split into two sections. The first one deals with professional staff with a secretary or a managing director at its head, the second is run by elected volunteers or boards which manage the volunteers. However, many different forms in between are possible.

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a variety of different terms, like i.e.: “Ehrenamt”, “Freiwilligenarbeit”, “Nebenberuf”, “Selbsthilfe”, “Bürgerengagement” or “Initiativen- oder Projektarbeit”.

As well as for professional staff, the environmental changes and the collision of different rationalities within the organisations account for many of the recently experienced problems. This is why the following issues<sup>23</sup> affect many of the big welfare organisations in some form or other.

### **3.1. Change of Life Styles, Reliability and Continuity**

The profound change of living and working conditions towards more individualisation alters the scope and duration of possible voluntary activity considerably. Volunteers increasingly prefer to work in short projects instead of lifelong commitments, they prefer to have flexible working hours that fit into their professional and family life, and they more and more refuse to take over long-dated responsibilities. With traditional milieus (like the catholic, protestant or social democratic) breaking away, the most important recruiting basis for welfare organisations dissolves. Additionally, there is more competition between a growing number of commercial and non-commercial leisure-time facilities which all try to win people for their activities. Welfare organisations therefore currently have to deal with a decrease in number of voluntaries and a higher turnover, whereas demands on the part of voluntaries rise constantly.<sup>24</sup>

Since less people seem to be willing or able to take on long-lasting duties in their leisure-time, it is harder to recruit functionaries (e.g. board members, coordinators or voluntary management). Due to these problems, there is only little or no competition between voluntary executives, often forcing the organisation to take the first best candidate. As a consequence, proper administration of volunteers and (strategic) planning for volunteer work can often not be guaranteed. Even if the management does work, it is by no means certain that there are enough people to do the job. That is one reason why many working fields run by volunteers are cut back or taken over by professionals. The reliability and continuity of the services can no longer be guaranteed.

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23 Cf. Beher, Karin/ Liebig, Reinhard/ Rauschenbach, Thomas (2000), 133 ff.

24 Many practitioners report that volunteers increasingly ask for either material or non-material rewards or at least refunding of their own costs (e.g. for transportation). These claims pose the question for the value of volunteer labour. A question that seems to be absurd since the nature of volunteer work is that it is not being paid for. Nevertheless, many organisations face these discussions and some already acted by paying small amounts of money or looking for other incentives.

### 3.2. Professionalisation Dilemma

As demands in social work rise, organisations and law tend to increase the qualification requirements for voluntary working fields. They do this in order to guarantee higher standards of services.

For example, the driver of a rescue team before 1998 could easily be a volunteer as he only had to perform 40 hours of training in advance. A co-driver (who has a higher medical responsibility) at that time had to render more than 500 hours training already. For voluntaries this was mostly interesting only in connection with other (professional) activities (e.g. medical studies or civil service). With changes in the rescue service law the driver now has to perform more than 500 and the co-driver more than 1000 hours of training. This way new laws crowded out volunteer activity from this working field nearly completely and volunteers were replaced by professionals.

Professionalisation is necessary to some extent. But, professionals generally gather a better organisational and a more specialised knowledge than volunteers do. This is why they mostly took over a leading role in welfare organisations after some time which resulted in conflicts with volunteers. According to a survey of the Ministry in charge, 13 % of all questioned volunteers gave up their commitment due to problems with professionals. 31 % complained about too little appreciation for their work through professionals.<sup>25</sup> Professionals, on the other hand, often face a situation of mistrust and get the feeling of missing legitimisation and acceptance.

In any case, a growing number of professionals within the organisation imports new rationalities: e.g. higher professional standards which normally are not derived from the organisation's aims or the increasing dependence on external funding in order to preserve those jobs. At the same time, professionals often do jobs for money that volunteers do unpaid, which arises the question of the value of work. This conflict often ends in fierce struggle between professionals and voluntaries.

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25 BMFSFJ (2000), 123 and 127.

### **3.3. Qualification dilemma**

All these factors show the necessity for an NPO to qualify their volunteers. But, apart from this necessity for the organisation, qualification can be important for the motivation of volunteers as well. It can have a positive effect on a person's self-esteem and can add to other areas of their life by improving their vocational abilities, for example.

In reality, qualification for volunteers is of low relevance.<sup>26</sup> Most of the time there do not exist any job descriptions, let alone personnel development schemes or systematic training. Further, volunteers normally do not get training on managerial questions like strategic management techniques or legal knowledge. Thus, results from a recent survey are not surprising which show that 39 % of all volunteers demanded more provision of further education, 37 % asked for increased professional and 35 % for additional psychological support.<sup>27</sup> This situation is specifically disadvantageous since recently voluntary boards were increasingly held legally responsible by German courts for the actions they took or culpably neglected. Contrary to the rising qualification necessities, the provided qualifications stay behind. This is also due to the costs of qualifying volunteers, which can be quite a burden for a single organisation.

### **3.4. Loss of Profile and Isomorphic Development**

A special problem in this context is the isomorphic development of organisational values and aims. Most welfare organisations evolved on the base of rules and norms of a specific milieu, which influenced structures, values and rituals and often date back to the last century. The AWO, for example, traditionally is part of the social democratic 'family'. It still is closely related to the Social Democratic Party (SPD) and the unions: the structure is still similar to that of the SPD and both organisations still are entangled in many ways. But, though the traditional values still exist, there is not so much importance placed on them anymore in every day life. On the one hand, these structures are questioned by staff (volunteers and professionals). They often did not grow up with these rules and norms

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<sup>26</sup> Nörber, Martin (2002), 9.

<sup>27</sup> These figures were ascertained for volunteers from all sectors. Within the health and social organisations they were significantly higher. Cf. BMFSFJ (2000), 121-122.

anymore and, therefore, do not know them. Consequently, they do not work and live according to them, thereby dissolving the identity of the organisation partially. But, taking away the old identity does not make a new one.

On the other hand, professionalisation – as explained above – introduces a new rationality. Since working surroundings and requirements are quite similar in most welfare organisations (and private enterprises) and the professionals have the same vocational training, they identify with the same professional ideals (Deutscher Verein für öffentliche und private Fürsorge 1994). Therefore, welfare organisations and enterprises converge and they seem to lose their specific profiles, their legitimisation base, their reasons to exist. It makes them interchangeable. These values and aims work like signals and are a source of sense. Their function as ethical, moral or socio-political targets formed the base of their integrative role in the past. Since most volunteers (and many professionals) do not work for pay but for immaterial aims, the loss of specific values is even worse for their motivation. This can be the reason for many volunteers complaining about the ‘cold atmosphere’ in their organisation lately.

## 4. Conclusions

Though welfare organisations are of importance as employers, providers of social and health services and in representing the interests of the poor and disabled, their position is questioned by recent developments. This short treatment has given insight to some few management problems which German welfare associations currently face.

A high dependency on government funding forced the welfare organisations to adapt bureaucratic structures, salary systems and professional attitudes in the past. For management this was no problem as long as money came in automatically. Cuts in government expenditures, new paradigms of cooperation and introduction of quasi-markets put welfare organisations and their staff under pressure recently. But how shall management deal with the new situation?

At first, the political issues have to be settled. Because the *Spitzenverbände* turned into providers of public services, their dependency on public funding grew. While this relationship guaranteed their growth in the past, it is turning against them presently. This means that the relationship has to be redefined. Either welfare organisations provide public services and are part of governmental employment policies and, therefore, get benefits from them, or they are market enterprises who only produce services which they can sell to government or to an open market. The danger of muddling through is to be stuck in the middle and to be crushed between different

rationalities.

Even if this point was clear, there are still other issues to be solved. One important function in the past was that of a producer of socio-political aims and values and as lobbyist for the poor and disabled. With the dominance of service production, this function has lost in importance. Goals were increasingly set by government and legislation. A clear mission and clear goals could serve as an orientation for management and staff. Being lawyer for the disadvantaged could bring back more credibility, but it would also mean to oppose government from time to time for interests that do not pay off immediately.

If management decides to take the challenge of change, some conditions have to be rearranged. Part of these conditions are the paying tariffs. This is no call for reduction of wages, but for more flexibility and for more incentives. Payment has to be raised for both highly qualified management and good working, highly motivated staff. Nevertheless, many facilities and organisations are thinking about quitting the official salary scales or try to avoid them by sourcing out certain services. But in order to obtain government funding, the BAT or a similar salary scale has to be fulfilled. Here is the political question again:

The big variety of very different working forms is another problem. Though it is often heard that cheap, subsidised working force is a major advantage of welfare organisations, this is to be examined very carefully. All these forms push up costs as well, which are often not recognised due to missing or underdeveloped cost accounting systems. Another point is the education of staff. The knowledge of staff is an organisations most important stock. And sometimes it is cheaper to have your own personnel qualified than to make wrong decisions and pay consultants to do it right afterwards. Therefore, staff development schemes have to be introduced and implemented consequently. As knowledge is mostly available somewhere in the organisation, it is cheaper to generate and distribute it within. In this case, it has to be found and made available within some sort of knowledge management system.

Co-operations between welfare organisations and universities, schools and vocational training facilities could additionally help to educate the up-and-coming staff and executives according to the needs the organisations have. As to voluntary work, redefining voluntary work as an innovative process could be a way out for the dilemmas mentioned above. This includes looking for new fields of activity and letting go fields dominated by professionals due to qualification or legal necessities. Pioneer work is mostly more satisfying anyway and adds more potential to the organisation. In many

cases professionalised working fields were started by volunteers at some stage. Another important task is to create new forms of participation, such as innovative time management matching the needs of different target groups (working people, students, housewives) and, if not existing, the introduction of project management.

As mostly qualifications for volunteers are not provided from outside, e.g. through schools or universities, welfare organisations have to provide it on their own. They, therefore, have to introduce human resources development plans for volunteers which match their specific roles in the organisation (board members, public relations staff, social worker, medical staff etc.) and their personal capacities. Especially the strategic decision-making quality for volunteer management and board members should be strengthened and, where necessary, psychological support should be given additionally. In order to keep up or improve standards in the social and health sector, demands on volunteers (and professionals) should not be too low. On the other hand, it should be kept in mind that increasing qualification standards aggravate the shortage of volunteers (and professionals) in welfare organisations additionally.

Issues in personnel management of NPOs differ from those in commercial enterprises in many ways. A lot of literature on NPOs does not deal with these issues at all or relates them to commercial enterprises assuming there would be no difference. A lot more research about the specific needs of personnel management in NPOs, about the role of aims and values, about the co-existence of professionals and volunteers, about management through honorary boards or the integration of different environmental rationalities would therefore be desirable.

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