

The New Employment Contract *and* How Nonprofits Must Honor It

by the editors

The basic employment contract has gone through profound changes since the industrial era, yet most of us continue with the same old employment practices. In order to attract a high-performing workforce in this new information era, we will have to take a deep look at our structures and assumptions in light of these changes. Fortunately, we have plenty of well-researched and tested models to help us along the way.

OVER THE PAST FEW YEARS, NONPROFITS HAVE BEEN CREEPING up toward new ways of sharing core tasks of their organizations with their staffs. An example of this are the practice models associated with creating a culture of philanthropy. The recent “Bright Spots” study by Jeanne Bell and Kim Klein describes how a number of nonprofits have employed these models.¹

Many of the groups talked about sharing fundraising responsibilities with staff as part of a larger, overall organizing strategy, and one of the more interesting cases the study cites concerns a group called Jewish Voice for Peace (JVP). At JVP the staff, on top of their other roles, share responsibility for maintaining relationships with six hundred major donors; each staff person has his or her share as a portfolio. The National Center for Lesbian Rights (NCLR) does something similar, raising \$2 million a year from major donors,





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30 percent of which is managed through portfolios held by the group's staff, board, and volunteers.

This sharing of fundraising responsibilities has to be supported by rigorous systems and good research, of course. For example, a donor survey by NCLR revealed that donor interests in the organization were much broader than marriage equality, which they had assumed was their draw. The ability to uncover and share such information quickly makes each fundraiser and the group as a whole more effective.²

The following description exemplifies a new model of staff deployment that embodies some powerful assumptions:

- Each staff person can be trusted to represent the organization to important partners.
- Important tasks that require skill and knowledge do not need to be marginalized to one or two staff members.
- Doing this requires continuous communication that integrates into the organization the intelligence gathered in such interactions and keeps each staff person at a high level of organizational literacy.

This form of organization also serves as a capacity for leadership development, in that sharing out the fundraising role allows younger leaders to gain that crucial skill base and experience without locking themselves into fundraising as a career. Angela Moreno, one-time interim executive director of FIERCE—a youth-led, membership-based organization that's dedicated to building the leadership and power of LGBTQ youth of color in New York City—observed: “It's not about someone being professional or educated in a certain way. It's really about shedding light on the fact that we already have these skills in communities of color. It's about making visible and lifting up the resourcefulness that we've always had.”³

And in that last statement are many lessons. For young leaders, the ability to build their capabilities across multiple functions is extremely valuable, creating a comprehensive set of leadership skills that is working capital in that person's career, because few executive directors do not—as we all know—have fundraising responsibilities. This means that, on top of the compensation the staff receive, staff also hope to develop capacity that makes them desirable employees elsewhere in the future. In return for affording them that opportunity, your organization gets the engagement and energy that comes with helping each staff person continuously develop

new skills and knowledge and responsibility; the additional intelligence that comes from keeping employees in touch with constituents and other elements of the external environment; and the redundancy and flexibility that come from cross-training staff.

The Tension in Bridging Eras

Performance appraisals are an instrument for social control. They are annual discussions, avoided more often than held, in which one adult identifies for another adult three improvement areas to work on over the next twelve months. . . . If the intent of the appraisal is learning, it is not going to happen when the context of the dialogue is evaluation and judgment.

—Peter Block⁴

Let's take the performance appraisal and imagine it as an artifact of a previous age—an age when people believed that the very best way to motivate workers was primarily, if not solely, through compensation and the best way to ensure quality of work was through ever tighter central controls, direction, and monitoring.

The assumptions underwriting the above about what motivates our employees and causes them to be accountable are unflattering to them—and, in fact, the practices that flow from these assumptions are, at their base, not only unproductive in terms of creating a robust twenty-first-century workforce but also are counterproductive, creating a kind of motivation-sucking vacuum.

This has pretty much always been the case; but again, now we are in an era where a track record of incrementally built and well-deployed knowledge is coin of the realm as far as career building is concerned, so a lack of faith and investment in employees is obvious in its absence. The best employees are unlikely to want to stagnate in a job. Their careers no longer depend as much on following directions well as they do on helping re-create the job—and the directions for that job—as times and circumstances change.

But we are in a transition period between the industrial and information eras, and even as we understand that the basic employment contract has profoundly changed, we have not fully accepted that this means our employment practices also must profoundly change. In short, workers may never have

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enjoyed being used as cogs in a machine, but half a century ago they were exchanging it for a middle-class salary and benefits, and often a lifetime of employment. That contract is not common these days, and has been replaced by a lifetime of more-short-term gigs that require the individual to continuously retool. In a sense, workers are “curating” their own body of work—because, increasingly, stagnation becomes a life sentence of low wages.

Self-Determination and Motivation: The Heart Wants What It Wants

Thus, the issue of self-direction and self-determination emerges front and center in our workplaces. Employees must look at every job for its alignment with their goals, and should do the same with prospective employers. Questions they should ask are: Will I be able to advance my life’s purpose here? Will I learn here? Will I make connections and establish my credibility here? Will I be allowed to take risks and pursue new interests within the context of the mission? Are my potential coworkers jealously guarding their authority and realms of work, or is there a demonstrated interest in helping the energy and capacity of the organization grow through helping the energy and capacity of each staff member grow?

Welcoming and encouraging the learning and advances of each staff member, then, also keep the organization on its own development trajectory—as long as goals and vision, ground rules, and critical information are held in common among workers. Team management and cross-training among peers maintain the advances as organizational assets over time.

We use the term *self-determination* advisedly. Richard Ryan and Edward Deci have studied and written extensively about the concept as it relates not only to education but also to worker motivation. The framework they termed Self-Determination Theory (SDT)

distinguishes between “different types of motivation based on the different reasons or goals that give rise to an action. The most basic distinction is between *intrinsic motivation*, which refers to doing something because it is inherently interesting or enjoyable, and *extrinsic motivation*, which refers to doing something because it leads to a separable outcome.”⁵ Such a separable outcome may be compensation, for instance. The primacy of one over the other makes a difference to the outcome, they argue, but it is hard to sustain intrinsic motivation outside of a social context that supports it. It is also never entirely devoid of some extrinsic influences. Specifically, intrinsic motivation can be mitigated by unfair practices in the workplace or practices that create the sense that the individual is not being heard or valued.

The mutuality between staff and organizational capacity development is explored on the Self-Determination Theory website:

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Source: Effect of music on power, pain, depression and disability. (Journal of Advanced Nursing, 2006)

To understand what motivates most workers, you likely need only ask yourself the question of what motivates *you*—because most people provide the same answers.

SDT is an organismic dialectical approach. It begins with the assumption that people are active organisms, with evolved tendencies toward growing, mastering ambient challenges, and integrating new experiences into a coherent sense of self. These natural developmental tendencies do not, however, operate automatically, but instead require ongoing social nutrients and supports. That is, the social context can either support or thwart the natural tendencies toward active engagement and psychological growth, or it can catalyze lack of integration, defense, and fulfillment of need-substitutes. Thus, it is the dialectic between the active organism and the social context that is the basis for SDT's predictions about behavior, experience, and development.⁶

Translated, that means that the intrinsic motivation can be harmed or advanced by the workplace dynamic and management practices, and if it is to be advanced, it is through respectful mutual effort. But this does not mean that workers are flying off in all kinds of independent directions, blindly supported by management. The primacy of intrinsic motivation is often accompanied by an integration of extrinsic motivations, which include, for example, regulatory and organizational protocols, and prerogatives and goals. Once these are integrated, they become part of autonomous, self-directed action.

Self-Determination Theory sees that ability to achieve autonomy, competence, and relatedness to others doing the same work in the same place as central to intrinsic motivation—and intrinsic motivation is necessary to creating a whole powerful organization out of many employees with personal motivations they want to live out. This plays out in many ways. For instance, in one study of a nonprofit organization, researchers found that knowledge transfer improves more through intrinsic than extrinsic motivation.⁷ Thus, the intention of the whole is integrated into the autonomy of the single employee.

Even though there has long been some distinction made between the sectors—for-profit employees were said to be more extrinsically motivated (motivated by reward), and public and nonprofit employees were said to be more intrinsically motivated (motivated by purpose)—the default management model, even in nonprofits, remained in a command-and-control image. This command-and-control image was based on that extrinsic reward model until around

thirty years ago, when the era shifted from an industrial-based economy to a knowledge-based one. And, as with any era shift, the change took hold before behaviors changed, now we must gradually throw out the detritus—the artifacts of the old era—and begin to build our own practices, still experimenting.

Changes in Management Theory

Over the last quarter-century, much of traditional management theory has changed to respond to the environment and to address problems created under the assumptions of the prior industrial era. Indeed, since the 1930s, a number of systems thinkers had been experimenting with and writing about ways to approach organizations and people's participation in organizations differently—to expand the numbers of employees with strategic responsibilities and reduce the numbers of employees expected to be sedentary or not engaged in helping to actuate the quality of outcomes.

In the late 1970s, Peter Senge introduced his concept of the “learning organization,” and organizations explored how intelligence and energy could be deployed in more respectful ways, both in groups as small as single, modestly sized organizations and in groups as large and highly controlled as the U.S. military.⁸

As organizations moved away from the concept of organizations as pyramids with relatively few decision makers, some began to investigate structures that assume that self- and team-based management could be a more effective and productive model, given that business goals and practices were commonly understood. And in the midst of all of that, organizations had to confront deeply embedded assumptions about what motivates people to engage in common projects in general and, more specifically, what motivates workers to engage in making their workplaces optimally successful. If it isn't purely compensation and status, what is it?

To understand what motivates most workers, you likely need only ask yourself the question of what motivates *you*—because most people provide the same answers; and after these two-decades-plus of research, those answers have resurfaced through rigorous studies again and again.

A Laboratory

In looking over what are being heralded as the latest intriguing iterations of management, at the far end is the so-called

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“holocracy model.” Championed by Zappos, which has divested itself of upper management, the model is crafted on:

- **Roles.** Roles are defined around the work, not people, and are updated regularly. People fill several roles.
- **Distributed Authority.** Authority is truly distributed to teams and roles. Decisions are made locally.
- **Rapid Iterations.** The org structure is regularly updated via small iterations. Every team self-organizes.
- **Transparent Rules.** Everyone is bound by the same rules, CEO included. Rules are visible to all.⁹

We would add:

- **Value, Skill, and Personal Mission Intentions.**
- **Widely Shared Enterprise Literacy and Clarity of Goals.**

Sound familiar? It should. This is the experiment many of us have been working on for thirty-plus years. Call it what you want—holocracy or your grandmother’s cat Suzy—but we now have plenty of models to view that adhere to the same principles. And if you want that edge as an employer and as a high-performing organization, you will start your own workplace experiments in management to ensure that your organization’s employment contract is compelling enough to attract the best workforce possible.

NOTES

1. Jeanne Bell and Kim Klein, “Fund-raising Bright Spots: Strategies and Inspiration from Social Change Organizations Raising Money from Individual Donors” (San Francisco: Evelyn and Walter Haas, Jr. Fund, April 2016), www.haasjr.org/sites/default/files/resources/Haas_BrightSpots_F2_0.pdf.
2. Ibid.
3. Ibid.
4. Peter Block, *Stewardship: Choosing Service over Self-Interest* (Oakland, CA: Berrett-Koehler Publishers, 1993).
5. Richard M. Ryan and Edward L. Deci, “Intrinsic and Extrinsic Motivations: Classic Definitions and New Directions,” *Contemporary Educational Psychology* 25, no. 1

(January 2000): 54–67.

6. “Theory,” Self-Determination Theory website, accessed September 5, 2016, selfdeterminationtheory.org/theory/.
7. Victor Martin Perez, Natalia Martin Cruz, and Celina Trevilla Cantero, “The Influence of Intrinsic and Extrinsic Motivation on Knowledge Transfer: The Case of a Nonprofit Organization,” ResearchGate, May 2009, www.researchgate.net/publication/281861234_The_influence_of_intrinsic_and_extrinsic_motivation_on_knowledge_transfer_The_case_of_a_nonprofit_organization.
8. Peter M. Senge, *The Fifth Discipline: The Art & Practice of The Learning Organization*, rev. ed. (New York: Doubleday, 2005).
9. “How It Works,” Holacracy website, accessed September 6, 2016, www.holacracy.org/how-it-works/.

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Source: Arts, Health, and Well-Being Across the Military Continuum - White Paper and Framing a National Plan for Action (Americans for the Arts, 2013)