1. **Heightened significance of community development**

The heightened significance of community development becomes apparent in three developments. Firstly, in the continuously increasing importance of development in civil society in recent years. Citizen commitment is the leading concept for countless projects. The World Bank has organized special meetings for this purpose (cf: Bamberger 1988). Already back in the seventies, the United Nations subscribed to this idea, and has ever since developed it in numerous initiatives of the UN-HABITAT that focus on community development. “UN-Habitat's country-level activities are focused on...participatory urban planning, management and governance”. (UN-Habitat 2009a; iii) A revision of this list shows that, though there are countless different projects, they are basically community development projects, though under different names. The investigations by Salamon/Anheier (1996) confirm this development and document the significance of the “Third Sector” for the positive development of the national economies. The criteria applied to the “Third Sector” could very well define community development projects. Salamon/Anheier predict a global revolution of this kind of projects.

Secondly: We observe a similar development on a European level, in spite of the emphasis of national oriented social policies. This “Community Cohesion Policy” of the EU resorts officially to concepts that have been guiding community development for a long time: Local orientation, participation, empowerment, self-help, communal as “community”, discrimination etc. (Brake/Deller 2008) With the words of the usually rather conservative European Community: “Social capital: Again related to human well-being but on a social, rather than an individual level, through the social and institutional networks (including, for example, partnerships and associations) which support effective social action. This includes social trust, norms and networks, and political and legal systems, which support social cohesion. Social exclusion: Focuses on the disparities between individuals and communities in access and opportunities for services, jobs and infrastructure. Social exclusion impacts on balanced and sustainable economic development, development of employment and human resources, environmental protection and upgrading, and promotion of equal opportunities.”¹

A third aspect that illustrates the increase of importance of community development is legal involvement. In several countries community development is that well established, that it experiences direct and indirect legal safeguards through its own laws. For example, in Bulgaria, the Netherlands, the Flemish Community in Belgium, Spain, United Kingdom, etc.

These legal safeguards respond to an increased socio-political significance. The example of Spain (central aspects of community development – participation and local orientation – are rooted in the Constitution) shows the enormous increase of the significance of community development, even without specific law about community development. (Hernandez/Pacamar 2008)

2. Economic changes

Though the above cited convergences are very encouraging and strengthen hopes related to community development, economic development parallel to that of Community Development Projects has consequently led to a distinct influence on projects beyond content orientation. New Public Management (NPM): With the support of the OECD, this development is about how to transfer findings of the business sector to the management in Public Administration. Obviously, this development is not restricted to Western industrialized nations. (Awortwi 2006) This transfer attempts to interconnect 3 economic institutional approaches of Public Administration (Bogumil 2001): 1. The Property-Rights-Approach: Individual motivation for a more efficient treatment of resources increases in proportion to rights and responsibilities related to these resources. 2. The Principal Agent-Approach focuses on the relation between contractor and client under the aspect of information symmetry, who knows how much and passes this on in order to improve his position. The original unilateral perspective of the Principal-Agent-Approach should be broadened, since problems of information flow and elaboration occur on both sides and have to be dealt with. 3. The third approach concerns the calculation of transaction costs, in other words all those costs that arise, because a (service) performance originates not only additional elaboration costs but other, rather high expenses in the areas of coordination and organization. The higher the coordination input because of internal administrative processes and consensus with free, private funders, the stronger the interest to simplify coordination, e.g., through contract management. Basically, these approaches aim at an economic and task oriented use of available financial resources. In combination with other approaches, the development of NPM leads to contradictory developments. (Cf: Henderson/Seden 2004).

The welfare state

Welfare states are increasingly structured according to neo liberal ideas based on a publication by Friedrich August von Hayek from 1944 (Hayek 1944). The welfare state should be marked by very limited use of financial resources dedicated to direct feeding of the poor, only limited exercise of state directives and instead, focus on economic growth. Only a prosperous economy creates jobs that, in turn ensure economic independence (Butterwegge
2006). This leads to deregulation of work relations and stronger emphasis of private previsions, and negative side effects are understood as temporarily inevitable in order to produce the wealth that then becomes the foundation for social securities. A positive reformulation rephrases the necessity that obliges the individual to private prevision into the idea of citizen commitment, and vice versa. Parallel to these developments appear demands for stronger activation of aid recipients. These new, market oriented ideas of a welfare state lead to a “new socio-political intervention logic” (Dahme / Wohlfahrt 2006, S. 71). It is work that stimulates economy, rather than the buying capacity promoted by state programs. This changes the logic of the concept of social justice. Just is no longer understood as the distribution and participation of socially available wealth. The orientation of social justice translates into a terminology of an economically responsible use of resources. “Social work... translates the 'language of morale' (just / unjust) into cost / efficiency, competition, money / balance sheets.” (Lange 2000, S. 78).

Competition: Speaking about competition makes sense when starting from a market situation in social work. Market signifies the place where offer and demand meet in order to negotiate the price a supplier can obtain for his “goods”. If goods are in shortage and the group of demand is large, prices go up. This in turn, leads to particular conditions for community development. Usually we are dealing with “non-conclusive exchange relations”: between two typical market players, contractor (= offers service: social services, community development projects) and client, appears a third player: funding parties (donors: local authorities, governments, insurances) and the law maker. It is difficult to imagine the beneficiary of community development projects as a client with typical market behaviour, like buying a TV set e.g.: compare prices, evaluate price/product relation, etc. We are often faced with emergency situations that strongly limit freedom of market behaviour.

**Relationship between State and Social Services / Community Development Projects**

In any case, prices cannot really be negotiated freely. Both sides have to work with limited legal budgets. Nevertheless funding partners (= financing communities, e.g.) operate rather with competition oriented strategies, hoping that this type of competition increases efficiency and efficacy of contractors. The first decisive aspect of this development shows, that a market oriented relationship structure between public administration and community development projects erodes the principle of the priority of citizen activation. The second aspect lies in the displacement of community development projects, alienating them from the co-responsibility of shaping politically social policy. Co-governing the community by community development projects is turned into relationships of contractor and client. This is particularly problematic in areas where the state authority exercises a double function.
Because competition distortions rise when public administrations offer social services to citizens, but assign at the same time identical orders.

Public administrations can shape cooperation with community development projects in three ways: 1. signing long term project contracts that describe services to be rendered. (e.g. the Flemish community development agencies) 2. Contracts are often awarded based on tender. This has consequences for projects that can employ only a very small staff and can offer only temporary contracts for other collaborators. Particularly smaller projects cannot handle this situation because of the high financial risk of permanent contracts. 3. The necessity to constantly find / invent and submit new projects that have to be financed by service providers. A flood of project controlling measures accompany the resulting dilemma. Particularly high administrative requirements, e.g., by the European Commission oblige for new and more efficient job management that overshadow the real concern of community development.

3. Network Orientation

These developments lead to increased management demands of community development projects on two levels. On one hand, developments described in chapter 2 have to be met with business skills. One of the objectives is, „to promote a new management style … based on enhanced legal, financial, organisational and social competence.” (Zafirow 2008) This requirement is also given for Anna K. Tibaijuka: “Technical and managerial expertise is provided for the assessment of human settlements development problems and opportunities.” (Un-Habitat 2009a) This is similar to Un-Habitat-Report 2008 (Un-Habitat 2009b), where management is the key word. On the other hand, managers of community development projects are faced with the dilemma to combine business perspective with the principles of community development projects. This requires the development of a community development suited managerial style, not just any financial sector approach. Therefore, management of community development has to rely on cooperation and networking and focus on internal and external network, cooperative management. We are aware of the well known difficulties of the network-approach, euphorically understood as a miracle, but rarely precisely described. (Barnes 1972; Deller 2008) Networks can make up for dysfunctions in hierarchy (rigidity and lack of flexibility) and on the market (market failure), by introducing new forms of coordination and management (Powell 1996). All three forms can be described as follows:

**Types (economic) Organization and Management**

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2 Compiled by U. Deller on the basis of Powell (1996)
<table>
<thead>
<tr>
<th>Form</th>
<th>Market</th>
<th>Hierarchy</th>
<th>Network</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Spontaneous, specific</td>
<td>Orderly, unspecific</td>
<td>Discursive</td>
</tr>
<tr>
<td>Access</td>
<td>Open</td>
<td>Orderly</td>
<td>Limited, exclusive</td>
</tr>
<tr>
<td>Time schedule</td>
<td>Short term</td>
<td>Long term</td>
<td>Middle term</td>
</tr>
<tr>
<td>Normative Basis</td>
<td>Contracts; ownership rights</td>
<td>Work relation</td>
<td>Complementary Strength</td>
</tr>
<tr>
<td>Communication flow</td>
<td>Prices</td>
<td>Routine</td>
<td>Relationships</td>
</tr>
<tr>
<td>Methods for conflict resolution</td>
<td>Bargaining; Law suits</td>
<td>Administrative orders and regulation</td>
<td>Norm of reciprocity, issue of reputation</td>
</tr>
<tr>
<td>Degree of flexibility</td>
<td>High</td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td>Strength of obligation between parties</td>
<td>Low</td>
<td>Medium to high</td>
<td>Medium to high</td>
</tr>
<tr>
<td>Atmosphere or climate</td>
<td>Precision and / or mistrust</td>
<td>Formal, bureaucratic</td>
<td>&quot;open-ended&quot;, reciprocal advantages</td>
</tr>
<tr>
<td>Preferences of actors or decisions</td>
<td>Independent</td>
<td>Dependent</td>
<td>Interdependent</td>
</tr>
</tbody>
</table>

Five elements describe network oriented cooperation: 1. task oriented behaviour; 2. Rewards for each participant; 3. work distribution; 4. objective cooperation; 5. social coordination. (Marwell/Schmitt 1975) Objectives of work processes are defined in cooperation. Goals developed in common receive stronger support. The partners participate in profits (particularly non pecuniary profit!). There has to be a profit, especially in case of the non-profit-organizations. This profit is larger than the one that could possibly be achieved alone, precisely because partners share all work. Sharing of work is prerequisite and effect at the same time, in order to obtain higher results. As demonstrated, the design of co-operative management in community development projects can resort to classical business literature. Focusing cooperative elements in management has a long tradition. Therefore, we refer serveral times to these tradition shaping sources.

4. Leadership and cooperation management

Cooperative Management sets out from functions that have to be fulfilled, if the community development project is to be successful. These functions are not tasks of an individual or of a small group of managers, but guide the activities of every participant in community
development projects. Since, in the end, all participants sign responsible for the consequences of community development projects, they should be included in safeguarding the management roles. Mintzberg identifies a “set of ten roles” (Mintzberg 1973). He distinguishes between interpersonal, informative and decision roles. These are individually fulfilled to varying degrees in the sense of “role-taking” and “role-making” (Mead, Goffman), but characterize management processes in general.

1. Interpersonal roles: “figurehead”; leader; liaison (horizontal network for the outside).
2. Informative roles: “monitor” (searches for and receives a flood of documented and non documented information); “disseminator” (Information in CD projects, disseminate’); “Spokesman” (speaker for the outside).
3. Decision roles: “entrepreneur” (handle entrepreneurial systematic development of problems and chances and define development); “disturbance handler” (handle unpredictability, disturbances and helplessness); “resource allocation”, “negotiator”. (Mintzberg 1973, 55-99).

It has become standard in modern management processes to split functions. There are three reasons for this: 1.) Once a task reaches a certain volume, it can no longer be done by one person alone. 2.) Participation of the staff is unthinkable without including it in the performance of the functions. 3.) Because of the far reaching dimension of particular roles, managers are not really generalists but specialists for each specific function. (Mintzberg 1973, 99) This poses two different challenges for cooperative management. On one hand, individual roles of specialists have to be related to each other. Allocation of functions can only succeed if, at the same time, merger is secured. This is not only a matter of general attitudes, but has to be an integral part of concrete leadership tools, structure of meetings, protocols, information media, etc. Transparency and traceability in records of assignments are particularly important. On the other hand, perceptions of functions in cooperative management are tied to the fact that they should be functional and include staff participation, rather than rely on personal authority.

Not that the leadership role of managers has become superfluous, or dissolves in the team. Precisely when innovative activities have to be developed, the manager role is of particularly importance, because he clearly combines or represents several of the roles described by Mintzberg (cf: Cherniss/Deegan 2000, S. 367).

But the image of the solitary decider does not fit into the basic participatory structure of community development projects and is based on a very simplistic relationship concept between system and environment that not only lags far behind any of the explanations of the theory of systems, but also overlooks the interdependent reality in and between community development projects. “The contrast program to the maker-myth recognizes changes not as linear, but resulting from network-like or circular causes.” (Neuberger 2002, 611) The aim is
not to hide management processes behind team structures, but to think from a systemic-evolutionary perspective and adhere to general order creating norms, precisely because of the “immensely vast complexity of real situations and, thus the inevitable limitation of knowledge” (Malik 2003, 115) Systemic-evolutionary designed “management…

...is design and management of whole institutions in their environment.
...is leadership of many.
...is commitment of many.
...is indirect influence.
...is directed toward controllability.
...has never enough information.
...aims at viability.” (Malik 2003, 119)

Therefore, it is important to recognize and design “networks of influence”. But community development projects do not depend only on their managers, but have to be conceived as process. This leads to a double perspective. On one hand, the description of the functions of the community manager has to include the staff – power and influence become meaningful when conceived as relational concepts (Hannah Arendt 2006). Power understood as a category of relationship. This also applies to internal project relationships, because this understanding of power also characterizes external relationships between beneficiaries and local authorities. On the other, hand community development management is never a clearly defined task, but an always recurring commitment with ever changing results and further developments. Particularly for community development, management has to be conceived as process, in particular as social process. This begins with the modelling of tasks or problems subject to decision. Already at this stage, the future course is defined. From the perspective of cooperative management people are already involved in the modelling process of decisions. This procedure results from CD principles, and likewise from the business perspective. Already back in 1949, Coch und French (Coch/French 1948) made an experiment, confirmed through later investigations, comparing three groups of employees with each other and how, with varying degrees of participation, they were able to adapt to changes in the company and contribute to an increase of production. Employees with the highest involvement were, in the end, the most productive ones. “Though leaders have a superior official position of power that only ensures one source of power (formal authority, legitimation), an opposing power (e.g., expertise, information control, coalitions with more powerful allies, etc.) can nullify them. Precisely this insight (also subordinates can activate power), and complete information about a situation is never available and / or information is distorted or filtered on purpose, compels cooperation.” (Neuberger 2002, p. 729)
5. Employee and Participants

In contrast to classical economic literature, community project managers have to take two different groups of people into consideration. On one hand, employed and paid staff members of the project, and on the other hand beneficiary citizens of the community, who contribute in their way, but are not employees of the project. Both, staff members and participants are characterized by organised commitment in the same organization, though with different rights and obligations. Two important differences coincide: altruism and self-interest usually organised in cooperatives.

In community development projects, managers, staff and participants are referred to each other in a special way. Cooperative oriented management prioritizes these relationships, as well as those among participants. Cooperation in community development projects depends largely on individual behaviour and the type of social relationship. But the main activities of management do not focus on individual behaviour of participants and staff, though numerous concepts of human resources development pretend this. It is not the job of the manager to manage personal behaviour; staff members and participants would become object of measures to modify behaviour. This type of management concept is based on rational, purpose guided behaviour and dictates controllability of every aspect, but ignores irrational conditions that might have nothing to do with the direct work situation itself. Against this background, it might make more sense not to target modification of behaviour of staff members as personal task of the manager, but rather emphasize concepts of self-regulation, participation and symbolic leadership. There are two reasons for this. For one, neither the labour contract with employees, nor certainly cooperation contracts with participants in general offer any basis for behavioural changes. These have to be intended and done by the staff and participants. Employee development is a challenge the individual employee has to cope with. A manager can initiate and promote. Respect for limits is particularly important in community development. In the end, not even the staff members of a community development project (in direct relationship with beneficiaries) are able to undertake necessary activities (a.o., behaviour modifications) aimed at maintaining or restoring social integration in representation of the citizens themselves, much less can they force them on the citizen. Community development counts in a particular way, with the own activity of the citizen, or is geared toward this goal. The relationship between employee and manager in community development projects has to resemble structurally the working relationship with the beneficiaries. Otherwise cognitive dissonances arise that very soon lead to burn-out. Co-operative management knows precisely how to respect these limits. (conf. Spieß 1998). But there is also an ethical limit. Cooperative management in community development projects cannot succeed, if it draws on a negative anthropological image. The basic assumption a
manager has about his staff members stimulates their behaviour. The focus, therefore, must be a positive reflection of the person of the employee.

<table>
<thead>
<tr>
<th>Traditional Model</th>
<th>Human Resources Model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assumptions</strong></td>
<td></td>
</tr>
<tr>
<td>1. Most people despise work</td>
<td>People want to contribute to meaningful objectives when they participate in their formulation.</td>
</tr>
<tr>
<td>2. Salary is more important than the job itself.</td>
<td>Most people can do much more and fulfil more creative and responsible tasks than required by their present job.</td>
</tr>
<tr>
<td>3. Only very few can or want to accept tasks that require creativity, self determination and self regulation.</td>
<td></td>
</tr>
<tr>
<td><strong>Recommendations</strong></td>
<td></td>
</tr>
<tr>
<td>1. The manager has to supervise and control his subjects closely.</td>
<td>The manager should take advantage of hidden talents and qualities of his staff.</td>
</tr>
<tr>
<td>2. Has to sub-divide tasks into simple, repetitive and easy to learn steps.</td>
<td>He should create a work atmosphere that allows employees to develop their abilities to the fullest.</td>
</tr>
<tr>
<td>3. He should develop and enforce detailed work instructions.</td>
<td>Should practice participation and develop the capacity for self determination and self regulation.</td>
</tr>
<tr>
<td><strong>Expectations</strong></td>
<td></td>
</tr>
<tr>
<td>1. People endure work when the salary is right and the boss fair.</td>
<td>Participation, self determination and self regulation lead to an increase of productivity.</td>
</tr>
<tr>
<td>2. When tasks are simple enough and workers are closely monitored, they achieve their goal.</td>
<td>Since every employee uses his abilities to the fullest, a higher degree of satisfaction results as collateral effect.</td>
</tr>
</tbody>
</table>

This characterization of the “Human Resource Model” according to Miles (1975), describes the change of perspective. The table reflects typically ideal mappings. It helps to reflect on the management styles. Cooperative management in community development projects can only succeed when staff members and beneficiaries are recognized and treated according to this HRM.

The change of perspective is particularly clear in the thoughts about management theories by Douglas McGregor. His rough distinction between theory x (leadership and control) and theory y (leadership through motivation), formulated in 1960 is, according to his explanations based on the assumption about employees resulting in a cooperative leadership style. (McGregor 1973, 141 ff) His theory y represents a new perspective and is based on the following assumptions: 1. hard work is for people just as important as resting and playing. 2. Internal commitment leads to self-regulation, rather than punishment. 3. The degree of commitment correlates particularly with rewards obtained that satisfy personal needs. 4. Also an average person can learn to aspire for responsibility. 5. The capacity for creative solutions
for organizational problems is widespread among population. 6. The intellectual potential of the average person is far from being exhausted. (McGregor 1973, 62 f) With this attitude, managers in community development projects are able to produce a successful connection between beneficiary participants and paid employees.

6. Organization

Let us return to the John-Hopkins-investigation about the third sector understanding community development projects as “non-profit-organizations”: “Thus, for the purpose of the satellite account on non-profit institutions, we define the non-profit sector as consisting of (a) organizations; that (b) are not-for-profit and, by law or custom, do not distribute any surplus they may generate to those who own or control them; (c) are institutionally separate from government; (d) are self-governing; and (e) are non-compulsory.” (Handbook 2003, 17)

One of the first approaches to think business systemically goes back to Rensis Likert (1975, 136 f). Already in 1967, Likert developed a cooperative organization model that anticipates key aspects of the present discussion. It is based on three guiding principles: “1. Application of the principles of a supportive relationship by the manager, 2. Realization of the principle of group decisions and group leading through the manager and 3. high achievement goals of the manager for the organization.” (Likert 1975, 57)

This brings at first classical elements of business discussion into focus that helps to draw a stable image of the company structure. The focus lies on reliability and clarity for the members of the company. Since the mid-nineties we observe a change that conceives organization no longer from a static perspective (“a body of persons organized for some end or work”) (Rousseau 1997, 519), but as process. “The shift from organization to organizing translates into activities that were once predominately repetitive becoming predominately novel, networks formerly based on roles now performing around knowledge, careers once firm-based now depending more on personal resources, and work structures once rule-centered now constructed by the people doing the work.” (Rousseau 1997, 518). Precisely at this point we identify a significant change toward cooperation management. As soon as the process of organizing becomes a priority, several phenomena accompany this development: less importance of hierarchy, a shifting of responsibilities to the bottom, higher need of self-coordination among peers and a greater importance of alternative elements of control and motivation instead of tight leadership. This type of changes corresponds highly with the type of services extended through community development projects, because they include stronger direct feedback of the beneficiaries of the service.

Whoever applies the organizational approach in terms of “organizing”, has to design the balance between fixed structure and change. “Precisely the realization and experience that
stability of any enterprise is absolutely necessary for its survival, but at the same time the
decisive obstacle for adapting to changing situations, leads to a management understanding
comparing it to a walk on the narrow ridge between excessive stability (= insufficient
adaptation) and instability (= disintegration).” (Malik 2003, 258) The character of the
development of CD projects plays an equally important role as the need for steadfastness
and consolidation.

The matrix organization reflects the entrepreneurial, self-organizational coordination of
community development projects. Two organization principles overlap here with equal rights,
namely function and project orientation. For example, whoever is in charge of human
resources can fulfill this function only in close communication with the responsible for
individual (sub-) projects. Whoever is responsible for a specific project e.g., can chose
personnel only in close coordination with the head for human resources. This
interdependency of the matrix organization is characterized by the fact “that in conflicts no
organizational dominance solution favours one or the other axis. All sides rely on reasoning
and the willingness to cooperate.” (Steinmann/Schreyögg 2002, 429) Not only are internal
structures in danger to become so complex that employees lose orientation, in addition
matrix organizations place high demands on the personal competence of each staff member,
e.g., the ability to handle conflicts constructively. To correct this additional effort, a
“caseworker” is frequently called in to connect different processes and persons. (Moxley,
1989) (Steinmann/Schreyögg 2002, 432) The authors operate with a clearer elaborated
notion in social work of the concept of business reengineering.

Integrating contingencies in business integration- and cooperation rules demands a “dynamic
organizational design”. Three “design modules” can be particularly effective for promoting
innovation: “1. Competence and control systems give room for individual action, due to low
density regulation and open communication structures
2. Prioritize implementation of
intrinsic motivation concepts and 3. structures to promote acquisition and transfer of
knowledge”. (Freese 2005, 587 ff.) It should be understood, that those structures that offer
more individual space, also increase the possibility for errors. Cooperative management
responds to this fact with a change in dealing with errors. It rewards not only impeccable
work in combination with punishment for mistakes, but communicates these errors, so that
everybody can learn from them. The same applies to teamwork: no longer is speed of
procedure a decisive management criteria, because participatory team agreements require
time. Cooperative management rather responds to work processes in team structures with
adequate time scheduling, ensuring the necessary feedback, in order to integrate all pieces
into the whole. Not structures, but interaction is a priority. This organizing through interaction
requires a high degree of “inner regulation” from the employee. “Inner regulation” means that
the person is guided by internalised norms and values, has learned current patterns and
paradigms and developed system required qualifications and skills and does not depend (anymore) on external influences.” (Türk 1981, 133)

Summary
Management of CD Projects is facing new challenges. To be able to respond to the heightened significance of management-competence, managers need to be confronted with a management style that meets the basic conception of the projects. It is, therefore, not possible to simply copy current concepts of business administration. Cooperative management is required instead. A changed leadership style, focusing on functions demonstrates this. Employees of community development projects are structurally in a similar position as the beneficiary population. The high degree of self responsibility of the employee has to be corresponded accordingly. Community development projects are conceived as development. This has to be reflected in organizational principles. Organization is organizing.
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