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# Giving up the Single Life: Leadership Motivations for Interorganizational Restructuring in Nonprofit Organizations

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# Leadership Motivations for Interorganizational Restructuring in Nonprofit Organizations

*Abstract*

This paper addresses a gap in our understanding of why leaders of nonprofit organizations pursue interorganizational restructuring (defined as mergers and similar arrangements). It draws on several theories that explain interorganizational relations as adaptive responses to environmental conditions. The study analyzes four examples of interorganizational restructuring involving eleven nonprofit human service organizations. The research finds that theories emphasizing single factor motivations (such as the need for resources, power, legitimacy or greater efficiency) are incomplete; a multiple factors approach suggested by Oliver's (1991) integrated theory of interorganizational relations provides a more satisfactory basis for theory development. Researchers can use this work to develop a more complete understanding of interorganizational restructuring as a phenomenon; practitioners can use it to inform strategy development.

Key Words: Nonprofit Mergers, Interorganizational Restructuring, Interorganizational Relations

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## *Introduction*

In recent years, interorganizational restructuring, roughly defined as mergers and similar types of arrangements, has become a widely accepted management strategy in the nonprofit sector. This study considers one aspect of that phenomenon: why leaders of nonprofit organizations pursue it as a strategy. There has been significant research on this topic; however, most writers have not discussed the implications of their work for organizational theory. This study draws on several interorganizational relations theories which may account for the findings of earlier research on interorganizational restructuring, and provides a preliminary test of the applicability of those theories to interorganizational restructuring. The development of theory explaining interorganizational restructuring would enhance our understanding of this increasingly common phenomenon and provide practitioners with important guidance regarding the conditions under which leaders pursue this strategy.

### *What is Interorganizational Restructuring?*

The focus of this study is interorganizational restructuring, a more inclusive description than merger. Researchers have used several different terms to characterize interorganizational restructuring, including strategic restructuring (Kohm, LaPiana & Gowdy, 2000; Kohm & LaPiana, 2003; LaPiana, 1997) "formal collaboration" (Guo & Acar, 2005, p. 343), and "coadunation" (Bailey & Koney, 2000, p. 7). The term interorganizational restructuring is more precise. Organizational theorists use the adjective "interorganizational" to describe relationships between independent organizations. "Restructuring" narrows that description to include only those relationships that alter governance, integrate service and/or administrative operating systems and in which at least one partner gives up significant independent decision-making authority (Kohm & LaPiana, 2003; Kohm, LaPiana & Gowdy, 2000; LaPiana, 1997). The many forms of restructuring vary based on the amount of autonomy relinquished and the extent of integration between partners. Forms that most dramatically affect autonomy include merger, consolidation and acquisition. Other forms, such as management service organizations, parent/subsidiary arrangements and back office consolidations involve significant integration between partners, but sacrifice less independence (Kohm & LaPiana, 2003).

The cases in this study involve three forms of restructuring: merger, acquisition and parent/subsidiary. Merger involves the coming together of two or more organizations in which one organization survives as a legal entity and the others dissolve to become part of the surviving organization. Acquisition describes mergers between unequal organizations; it is the complete integration of one organization into the other in which the integrating agency loses its independent existence and becomes part of the acquiring agency. Parent-subsidiary refers to a legal arrangement in which one organization, a parent, governs another previously autonomous organization, its subsidiary. This arrangement allows for greater independence by the subsidiary than would be possible in an acquisition or a merger.

The distinction between interorganizational restructuring and interorganizational relations is critical to this study because the definition of interorganizational relations is the basis for the interorganizational relations theories discussed below. Interorganizational relations are arrangements between organizations in which partners work together to achieve common goals without significant integration, lost autonomy or changes in governance. In this way, interorganizational relations are less consequential for organizations than interorganizational restructuring. Common examples of interorganizational relations include coalitions, program collaborations and co-sponsorship.

*Theoretical Perspectives on Interorganizational Relations*

Three theoretical perspectives are useful in explaining leaders' decisions to pursue interorganizational restructuring: adaptation, environmental uncertainty and an integrated approach based on the first two (Table 1). Organizational theorists have used the heading 'adaptation,' to describe several well-developed and related theories, including resource dependence, political, transaction cost and institutional theories. They explain interorganizational relations as adaptive responses to specific organizational problems (Barnett & Carroll, 1995; Hannan and Freeman, 1989; Twombly, 2003).[1] Two other theories also emphasize organizations' adaptive responses to problems, but have not been regularly classified under the adaptation heading. Environmental uncertainty focuses on the dynamics of the external environment and argues that those dynamics shape leaders' decisions to pursue interorganizational relations. The theory is not well developed; however, researchers have investigated this approach over many years (Emery & Trist, 1965; Gray, 1985, 1989; Trist, 1983; Warren, 1967; Wood & Gray, 1991). A final theory, characterized as an integrated theory of interorganizational relations, builds on adaptation and environmental uncertainty; it suggests that organizations pursue interorganizational relations to address multiple challenges (Oliver, 1991).

[1] Bailey & Koney (2000, p. 18) adapt these theories for the nonprofit sector as "resource interdependence," "domain influence," "environmental validity," and "operational efficiency," respectively.

*Table1: Interorganizational Relations Theories*

| Theory | Motivation for Interorganizational Relations | Focus | Basic Principle |
|---|---|---|---|
| *‘Adaptation’ Theories* | | Relationship between organizational problems and the external environment | Leaders pursue interorganizational relations to adapt to conditions in the external environment that create specific organizational problems. |
| Resource Dependence | Too few resources | | |
| Political | Insufficient power; threats to autonomy | | |
| Institutional | Absence of legitimacy with stakeholders | | |
| Transaction Cost | High transaction costs; inefficiency | | |
| Environmental Uncertainty | Uncertain or destabilizing environmental conditions unsolvable by an organization on its own<br><br>Common challenges across organizations | Dynamics of the external environment | Leaders pursue interorganizational relations to gain greater control over uncertain environmental conditions, usually in a shared “problem domain,” that threaten performance. |
| Integrated Interorganizational Relations | Multiple challenges within organizations | Interaction of multiple factors | Multiple organizational and environmental challenges lead organizations to pursue interorganizational relations |

Resource dependence argues that the principal purpose for which organizations come together is the need for resources (Bailey, 1992; Galaskiewicz, 1985; Gray & Wood, 1991; Guo & Acar, 2005; Pfeffer & Leong, 1978; Pfeffer & Salancik, 1978; Starbuck, 1976; Van de Ven & Ferry, 1980; van Gils, 1984). Organizations need resources to accomplish goals, if not simply to survive. Organizational leaders unable to secure the resources they need on their own seek them through relationships with other organizations. In a nonprofit organization, resources may refer to financial, service and human resources. Pfeffer & Salancik (1978), use the theory to explain vertical integration and merger among for profit firms. Considerable past empirical research emphasizes resource dependence explanations for nonprofit interorganizational restructuring including case studies (Golensky & DeRuiter, 1999, 2002; LeFevre, 1986; O'Brien & Collier, 1991; Toepler, Seitchek, & Cameron, 2004; Wernet & Jones, 1992), surveys (Kohm and LaPiana, 2003; Kohm, LaPiana & Gowdy, 2000; Singer & Yankey, 1991), and practitioner texts (Arsenault, 1998; LaPiana, 1994, 1997, 2000; McCambridge & Weis, 1997; McLaughlin, 1996, 1998; Moyers, 1997, United Way of New York City, 1997). While resource explanations predominate, there has been a limited effort to present these findings in resource dependence terms.

Political theory suggests that leaders of organizations pursue interorganizational relationships with weaker organizations to acquire power to assure ongoing autonomy (Bailey & Koney, 2000; Campbell, Jacobus & Yankey, 2006; Oliver, 1990). Golensky & DeRuiter (2002) provide the most direct empirical support for this position. They use three case studies to argue that organizations anticipating funding changes will pursue merger as a means of securing power. There is limited additional empirical support for adapting this theory to nonprofit organizations; it is implied but not explicit in other case studies involving nonprofit organizations (Golensky & DeRuiter, 1999; Lefevre, 1986; O'Brien & Collier, 1991; Wernet and Jones, 1992).

Institutional theorists argue that the need for organizational legitimacy, as defined by key stakeholders, plays an important role in leaders' decisions to pursue interorganizational relations. The absence of legitimacy (conferred based on aspects of an organization such as board membership, past management tactics and funding sources) is a significant problem, which can lead to an inability to generate the resources needed to operate (Bailey & Koney, 2000; Campbell, Jacobus & Yankey, 2006; Galaskiewicz, 1985; Galasciewicz & Bielefeld, 1998; Guo & Acar, 2005; Oliver, 1991). Collaboration with another organization is a strategy to address that problem and enhance legitimacy. Singer and Yankey (1991) identify "enhanced community image" and "increased power and prestige" (p. 358) as reasons why nonprofit organizations come together. Merger case studies only imply enhanced legitimacy as a rationale for nonprofit interorganizational restructuring (Golensky & DeRuiter, 2002; O'Brien and Collier, 1991; Schmid, 1995; Toepler, Seitchek, & Cameron, 2004).

Researchers have also identified the need to create a more efficient operation as a motivation to pursue interorganizational relationships (Bailey & Koney, 2000; Campbell, Jacobus & Yankey, 2006; Guo & Acar, 2005; Oliver, 1990). If an organization's cost of doing business is too great, it may become uncompetitive and at risk for failure. Relationships with other organizations can reduce the cost of doing business by creating economies of scale. As organizations grow, they can become more efficient both by creating greater capacity and limiting increases in fixed costs. Empirical support for increased efficiency as a motivator for interorganizational restructuring includes survey research (Kohm & LaPiana, 2003; Kohm, LaPiana and Gowdy, 2000; Singer & Yankey, 1991) and merger case studies (Golensky & DeRuiter, 1999, 2002; Toepler, Seitchek, & Cameron, 2004; Schmid, 1995; Wernet & Jones, 1992).

Environmental uncertainty theorists view interorganizational relationships as leaders' efforts to gain control over turbulent environments in which they cannot address essential challenges effectively on their own (Cook, 1977; Emery & Trist, 1965; Gray, 1985, 1989; Trist, 1983; Warren, 1967; Wood & Gray, 1991). Gray (1985, p. 12) emphasizes that the turbulence organizations experience occurs in a "problem domain" defined by "the set of actors (individuals, groups and or organizations) that become joined by a common interest or problem." For example, leaders of nonprofit organizations would experience a major funder's change in priorities as a common problem domain. The funder's decision would affect all current funding recipients and potentially other organizations that would face new competition for resources. Environmental uncertainty suggests that interorganizational relations are collective attempts to create stability and reduce shared uncertainty (Gray, 1985, 1989; Wood & Gray, 1991). Several case studies, taken from the public, for profit and nonprofit sectors provide empirical support for this argument (Logsdon, 1991; Nathan & Mitroff, 1991; Pasquero, 1991; Roberts & Bradley, 1991; Selsky, 1991; Westley & Vredenburg, 1991).

It is unclear whether these conditions would also account for leaders' willingness to pursue arrangements that could lead them to give up their autonomy; however, nonprofit studies identify four examples of uncertain environmental conditions in problem domains that have led to interorganizational restructuring: general changes in funding (Giffords & Dina, 2004; McLaughlin, 1998, Moyers, 1997; Schmid, 1995; Wernet & Jones, 1991); managed care, ultimately a specific type of change in the funding environment (Golensky & DeRuiter, 1999; Kohm LaPiana & Gowdy, 2000;); increasing competition for resources (Golensky & DeRuiter, 1999; Kohm & Lapiana, 2003; Kohm LaPiana & Gowdy, 2000; LaPiana, 1997; McCambridge & Weis, 1997; Norris Tirrell, 2001; O'Brien & Collier, 1991; Pietroburgo & Wernet, 2004); and funder pressure (Kohm & LaPiana, 2003; Norris-Tirrell, 2001).

Finally, Oliver's (1991) integrated interorganizational relations theory suggests that organizations may face several conditions simultaneously which collectively contribute to leaders' decisions to pursue interorganizational relationships. She agrees that the motivations identified by adaptation and environmental uncertainty are motivators but asserts that leaders do not necessarily experience each in isolation. Different combinations of factors motivate leaders to pursue different forms of interorganizational relationships. Babiak (2007) tested and found support for Oliver's theory in a case involving a Canadian sports organizations. Survey research (Kohm and LaPiana, 2003; Kohm, LaPiana & Gowdy, 2000; Singer & Yankey, 1991) and case studies (Golensky & DeRuiter, 1999, 2002; LeFevre, 1986; O'Brien & Collier, 1991; Toepler, Seitchek, & Cameron, 2004; Schmid, 1995; Wernet & Jones, 1992) identify multiple motivators for interorganizational restructuring in nonprofit organizations, though they do not use Oliver's integrated theory language or adaptation and environmental uncertainty theory frameworks.

In sum, there has been considerable theory developed to explain interorganizational relations as leaders' adaptive responses to environmental conditions. While there is a growing body of research about interorganizational restructuring in the nonprofit sector, many researchers do not place their work within this theoretical tradition, and those who do tend to emphasize single factors to explain leaders' motivations. This state of knowledge creates a dilemma because it offers competing, explanations for the same phenomenon and provides insufficient guidance to practitioners and others seeking to understand restructuring.

## *Theoretical Propositions*

The interorganizational relations theories discussed above suggest seven propositions about leaders' motivations for pursuing interorganizational restructuring:

*Proposition One:* *Nonprofit organization leaders pursue interorganizational restructuring to secure resources.*

*Proposition Two:* *Nonprofit organization leaders pursue interorganizational restructuring to acquire power.*

*Proposition Three:* *Nonprofit organization leaders pursue interorganizational restructuring to appear legitimate to key stakeholders.*

*Proposition Four:* *Nonprofit organization leaders pursue interorganizational restructuring to increase organizational efficiency*

*Proposition Five:* *Nonprofit organization leaders pursue interorganizational restructuring in response to environmental uncertainties common to other organizations.*

*Proposition Six:* *Nonprofit organization leaders pursue interorganizational restructuring to address problems that cannot be solved effectively by that organization on its own.*

*Proposition Seven:* *Nonprofit organization leaders pursue interorganizational restructuring to address multiple challenges addressed by adaptation and environmental uncertainty theories.*

The goal of this study is to test these propositions and explore their utility in explaining interorganizational restructuring.

## *Research Design*

The research utilized a multiple case, explanatory case study design, following the strategy outlined by Yin (1993, 1998, 2003). Case study designs are useful in studying phenomena, such as interorganizational restructuring, that are difficult to separate (for purposes of investigation) from the context in which they take place (Feagan, Orum & Sjoberg, 1991; Yin, 1993, 2003). They support research in which “the relevant behaviors cannot be manipulated” (Yin, 2003, p. 7) and they can both replicate theory and generate hypotheses (Feagin, Orum and Sjoberg, 1991; Stake, 1985; Stone, 1978; Yin, 1998, 2003).

The study’s focus was leaders’ motivations for pursuing interorganizational restructuring. Data were collected from four cases of interorganizational restructuring among members of the Alliance for Children and Families (ACF), a national membership organization of human service agencies.[2] The cases involved a total of eleven

[2] Case selection maximized diversity within the Alliance for Children and Families network of human service organizations; however the absence of cases from other types of nonprofit organizations may not account for differences in motivations outside of the human services field.

organizations—ACF's leadership identified ten recent examples of restructuring that had taken place among its members. The four chosen for the study maximized key differences between and within cases, including geographic location, community size, budget size, financial health, service comparability and number of partners. While each case was analyzed separately, the research was structured to allow across case comparisons. Table 2 provides summary information about the four cases.

*Data Collection*

Two primary data collection methods were employed: interviews with key stakeholders and review of archival material. Data were gathered in face-to-face interviews with key participants in the restructuring process, including the executive director from each organization and board members who played leadership roles. Board member interviewees included the chairperson of the board of each partner organization or board members who were leaders in the restructuring process. There were at least two and as many as four individuals interviewed from each partner organization. In total, there were thirty two interviews. Gaps in timing may have made some parts of the process difficult to recall; however, the availability of support documentation relevant to the restructuring decision mitigated timing concerns. There was significant support documentation for each case. A protocol was used to outline areas in which data were needed and the likely sources for those data (interview subjects, archival documents, etc.).

*Data Analysis*

All interviews were transcribed and imported into the qualitative data analysis software Atlas ti. Two modes of analysis were useful in analyzing the coded case data: pattern matching and explanation building. Pattern matching "compar[es] an empirically based pattern with a predicted one," (Yin, 2003, p. 106). In some cases, multiple explanations for case patterns emerged. Because some of the theoretical propositions were not mutually exclusive, there were multiple explanations for phenomena. In those cases, triangulation was emphasized to generate as much clarity as possible regarding what happened and why. Explanation building seeks to develop a set of "causal links" (Yin, 2003, p. 120) between aspects of a phenomenon under investigation. It compares theoretical propositions with case data to modify research propositions. That process was used first to compare propositions with an individual case and subsequently with the other cases.

*Table 2: Characteristics of Case Study Organizations*

| *Case[3]* | *Partners* | *Form of Restructuring* | *Financial Status* | *Setting* |
|---|---|---|---|---|
| *Case A "Cradle to Grave Services"* | *Children's Services* | *Acquisition: Children's Services acquired Family Services West* | *Stable* | *Large Western City* |
| | *Family Services West* | | *Stable to Unstable* | |
| *Case B "Plains Human Services"* | *Children's Home* | *Merger to Acquisition: Plains Human Services acquired Children's Home* | *Unstable* | *Small Midwestern City* |
| | *Plains Family Services* | | *Strong* | |
| *Case C: "Family Counseling Partners"* | *Kids Counseling* | *Parent/Subsidiary Family Help became a subsidiary of Kids Counseling* | *Strong* | *Midsize Midwestern City* |
| | *Family Help* | | *Stable* | |
| *Case D: "Comprehensive Youth Services"* | *Healthy Teens* | *Merger: Healthy Teens, Sunshine Family Services, Reach Out to Youth and Teen Counseling Hotline merged to form Comprehensive Youth Services* | *Stable* | *Large Southern City* |
| | *Sunshine Family Services* | | *Stable* | |
| | *School Counseling, Inc* | | *Stable* | |
| | *Reach Out to Youth* | | *Stable* | |
| | *Teen Counseling Hotline* | | *Stable* | |

## *Findings*

*Finding 1: The need for resources, specifically financial and service resources, led organizations to pursue interorganizational restructuring.*

[3] Case and organizational names are fictional but reflect the work of each organization. Names were created to facilitate differentiation across cases and organizations. Cases are referred to by letter names in the text to facilitate reading and minimize confusion

All twelve of the participating organizations pursued interorganizational restructuring as a strategy to increase financial or service resources. The importance of resources varied by case. Financial resources were of particular interest to the two organizations whose long-term survival was at risk, The Children's Home, in Case B and Family Services West, in Case A. Each faced going out of business without additional resources. The religious organization which established The Children's Home discontinued its financial support for the Children's Home soon before the restructuring because of diminishing resources and new priorities. The Home's professional staff was unable to make management changes to offset the loss of financial support. As a result, the organization continued to lose money and its leaders questioned its long-term viability. Trustees noted that the organization simply "could not turn the financial corner" and that "[financially] it wasn't working and something had to give."

Family Services West faced growing financial pressures which became the primary reason its leaders pursued acquisition. Overly ambitious fund raising targets that the organization consistently did not meet coupled with an unsuccessful local United Way campaign reduced discretionary resources. Too few dollars from those sources exacerbated the challenges arising from government contracts that did not cover the full cost of service and created a considerable financial strain. Without any fund balance of consequence to draw upon to address these challenges, the organization's financial condition grew dire. At both the Children's Home and Family Services West, the board and staff focused on strategies for resolving serious financial resource challenges; they perceived interorganizational restructuring as the approach most likely to result in the acquisition of survival resources.

The leaders of the nine other organizations identified an interest in acquiring financial and service resources. They viewed these resources as enabling them to provide more services (Case A, Children's Services; Case B, Plains Family Services; Case C, both organizations; Case D, all participants), positioning the agency for the future (Case B, Plains Family Services; Case C, both organizations) and creating capacity for additional fund raising (Case D, all participants). The leaders saw those resources as available through interorganizational restructuring; however, the need was not urgent and only one of several factors contributing to restructuring.

*Finding 2: Most organizations identified several motivations for interorganizational restructuring, all consistent with adaptation theories of interorganizational relations.*

Only The Children's Home in Case B emphasized one overriding challenge (the need for financial resources) as its reason for pursuing restructuring. The other ten organizations pursued restructuring as a strategy to address several organizational problems simultaneously. In each case, at least one partner identified the following two issues: the need to acquire service resources, defined as either more diverse service offerings or greater capacity in existing offerings, and the need to address inefficiency, using restructuring to create economies of scale. In three cases, participants wanted to obtain more power and influence, often through board development, either by acquiring stronger board members from partner organizations or an enhanced capacity to recruit new board members with significant community connections. The finding of multiple restructuring motivators supports the integrated interorganizational relations theory; the individual motivations are consistent with single factor adaptation theories. The interest in economies of scale is consistent with transaction cost theory. The interest in board development reflects institutional theory and the interest in acquiring greater influence is consistent with political theory. The need for service resources reflects resource dependency.

*Finding 3:* *In all cases, at least one partner pursued restructuring as a growth strategy.*

Traditionally, human service organizations have grown through increases in financial resources provided directly to them, such as the acquisition of new government contracts and increased private revenue generation. The larger, financially stronger organizations in Cases A, B and C indicated that they were interested in growth, and viewed interorganizational restructuring as a growth strategy. For example, the leader of Plains Family Services in Case B explained his interest in the children's mental health services in terms of service capacity, economies of scale and competitive position:

> We were looking for another niche for us to grow into [children's services], knowing the competition was going to get heavy and curious in some of those other fronts. Our fantasy was, at that point and time, of putting together a full delivery of services to use....and if we can put together an array of services that would support one another, we thought that would be a good position for us.

In Case D, the leaders of the five organizations noted that each was limited in its ability to grow by traditional means. The partners desired growth and defined it in several ways, as the acquisition of service capacity, financial resources and economies of scale. The partners also suggested that growth enhanced legitimacy, making them more competitive. These definitions of growth reflect that organization leaders viewed it as incorporating one or more of the key elements of adaptation theories (resources, efficiency, and legitimacy), suggesting that an interest in growth is consistent with integrated interorganizational relations theory.

[Insert Table Three About Here]

*Finding 4:* *Interviewees perceived the environments within which they operated as uncertain; they pursued interorganizational restructuring because they were* *unable to address the problems emerging from that uncertainty on their own.*

*Finding 5:* *Case D participants, and to a lesser extent those in Case C, pursued interorganizational restructuring in response to a common experience of uncertainty resulting from changes in the external environment.*

Interviewees identified a variety of environmental uncertainties—all defined in terms of their relationships with funders—that contributed to their decision to pursue interorganizational restructuring. As noted, the challenges created by that uncertainty varied across cases and organizations. For example, the leaders of Plains Family Services and Kids Counseling worried that their services were insufficiently comprehensive to meet the long-term demands of their public funders. In a similar fashion, representatives of each of the Case D organizations expressed concern that public and private funders in their community indicated that there was too much competition for too few resources among nonprofit youth services providers. The leaders of the Case D organizations interpreted these comments as potential threats that could lead to significant losses of financial support.

In all but two organizations (Family Services West, Case A; Children's Home, Case B) leaders perceived environmental conditions as manageable challenges; however, the nature of the challenges they faced affected strategy. Leaders described environmental uncertainties as changes in funder expectations that could result in a loss of resources for their organizations. In Cases A and B the environmental uncertainties the partners faced were distinct and did not result from the same environmental forces. For example, Children's Services in Case A reported that its public mental health funder wanted to reduce the total number of agencies it funded, whereas its partner family service organization did not receive support from that funder and faced different resource related challenges from its public funders.

In contrast, leaders in Case D came together, at least in part, because they faced common environmental uncertainties: increasing funder concern about competition and an emphasis on the importance of collaboration among youth service providers. The partners perceived interorganizational restructuring was an effective strategy to remain competitive with those funders. One of the executive directors reported "We were hearing from funding sources and from governmental agencies, locally especially, of really encouraging agencies to coordinate and to work together." A board member elaborated this perspective:

> One of the reasons we came together is a lot of us were already doing collaborative efforts and were doing it reasonably well. So we all knew each other. So did this effort by funders force us into a decision? Arguably yes.

Both of the Case C leaders described changing requirements for third party insurance reimbursement under managed care threatened their ability to generate revenue from those sources. While this concern was not the most dominant, they viewed coming together as an effective strategy to acquire the range of services they required to continue to be competitive with third party payers.

*Discussion*

This study supports both adaptation and environmental uncertainty theories as explanations for leaders' pursuit of interorganizational restructuring; however, each on its own is incomplete. In that way, the findings are particularly compatible with Oliver's (1991) integrated theory of interorganizational relations. The interest in organizational growth, a motivator in all four cases, supports and elaborates Oliver's (1991) theory.

Leaders pursued interorganizational restructuring because their organizations needed resources to accomplish their goals. In two instances, the restructuring provided survival resources. Most often, organizations needed both financial resources and service resources, such as new programming or greater service capacity. Although there were multiple explanations for restructuring in each case, the need for resources was the most frequently mentioned reason for restructuring. These findings and previous research provide strong evidence that resource dependence is a key factor in interorganizational restructuring, extending Pfeffer & Salancik's (1978) work to nonprofit organizations.

This study supports the proposition that leaders pursue interorganizational restructuring to address complex challenges for which organization specific solutions are insufficient. It suggests that environmental uncertainty may play a more significant role in motivating restructuring between multiple organizations than restructuring between two organizations. Only the leaders in Case D, the single example involving multiple partners, consistently defined the challenges they faced in terms of a common set of uncertainty inducing environmental changes. Multiple organization restructuring may address environmental uncertainty effectively because it brings together many of the entities affected by the uncertainty, by simplifying the environment within which they operate and addressing the conditions that create uncertainty. In contrast, restructuring between two organizations is less likely to be responsive to uncertainty because it involves too few actors to reduce uncertainty effectively.

Oliver's (1991) integrated theory of interorganizational relations appears to provide a better basis for a theory of interorganizational restructuring than single factor theories. Representatives from each of the participating organizations identified both the need for resources and at least one other motivation for their interest in restructuring; a theory of interorganizational restructuring must reflect that complexity. The finding that growth was a motivator for restructuring in all four cases also reflects Oliver's (1991) integrated interorganizational relations perspective. Interviewees defined growth as a combination of several factors identified by adaptation theories, including acquisition of financial and service resources, greater legitimacy and increased efficiency through economies of scale.

Differences between interorganizational relations and interorganizational restructuring may explain the limitations of single factor explanations and the finding that growth motivates restructuring. Adaptation and environmental uncertainty address interorganizational relations, arrangements that describe collaboration between independent organizations to accomplish mutually beneficial goals without a significant loss of autonomy for either partner. In contrast, interorganizational restructuring is a more consequential action, a coming together that, for at least one partner, results in the loss of organizational autonomy, changes in governance and administrative and programmatic integration. Leaders may pursue interorganizational restructuring to solve more complex problems for which collaboration is insufficient, such as those involving multiple challenges. This difference may explain why there is no discussion of growth as a motivator in the interorganizational relations literature. In some cases, leaders may pursue restructuring only if they can guarantee their organization's long-term independence. In three of the four cases (A, B, and C), leaders motivated by a desire for organizational growth described their motivations in similar ways. Growth addressed both multiple challenges and leaders' unwillingness to pursue strategies that would diminish their autonomy. Those leaders pursued restructuring with weaker partners to accomplish growth without compromising their organization's independence.

Future research should build on these findings. For example, it would be useful to explore in greater depth the differences between restructuring involving two partners and those involving larger numbers of organizations. It would be important to learn more about motivations in multiple partner restructuring, particularly whether additional cases support the findings from this study, that leaders pursue them as a strategy to respond to environmental uncertainty. Oliver (1991) argues that different combinations of factors motivate leaders to pursue different forms of interorganizational relations. It would be useful to learn whether different combinations of factors also affect the form of interorganizational restructuring (merger, acquisition, parent/subsidiary). Survey research with organizations that have pursued restructuring would provide the opportunity to assess the generalizability of these findings across a wider population of nonprofit organizations. Finally, this study addresses how leaders perceive restructuring will affect their agencies with little discussion of the impact on service quality or consumer of service. Our understanding of restructuring and its utility as a strategy is incomplete without further attention to these issues.

## *Conclusion*

This study suggests that Oliver's (1991) integrated interorganizational relations theory provides a preliminary basis for a theory of interorganizational restructuring. Her theory best reflects the important differences between interorganizational relations and interorganizational restructuring revealed by this study. In all cases studied here, an interest in gaining more resources (resource dependence) motivated restructuring; however, it was rarely the exclusive motivator. Instead, in all cases, leaders chose restructuring as a strategy because it addressed several concerns, including those predicted by institutional, transaction cost and political theories. Larger organizations identified growth as a motivator, which may reflect an aggregation of the motivations predicted by adaptation theories.

Organization leaders acknowledged the importance of environmental uncertainty in their decisions to pursue restructuring, particularly when they perceived the problems uncertainty created as derived from the same environmental conditions and unsolvable by the organization on its own.

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*Table 3: Organization Motivations for Interorganizational Restructuring*

| Case | Organization | Financial Resources | Service Resources | Legitimacy | Power | Efficiency | Growth | Unsolvable Problem | Common Problem Source |
|---|---|---|---|---|---|---|---|---|---|
| **Case A “Cradle to Grave Services”** | Family Services West | **X** | **X** | | | x | | **X** | |
| | Children’s Services | | **X** | | | **X** | **X** | x | |
| **Case B “Plains Human Services”** | Plains Family Services | | **X** | **X** | **X** | x | | x | |
| | Children’s Home | **X** | | | | **X** | | **X** | |
| **Case C “Family Counseling Partners”** | Family Help | **X** | | x | | x | | **X** | x |
| | Kids Counseling | | **X** | | | **X** | x | x | x |
| **Case D “Comprehensive Youth Services”** | Healthy Teens | x | x | x | **X** | x | x | x | x |
| | Sunshine Family Services | **X** | **X** | **X** | x | x | x | **X** | **X** |
| | School Counseling, Inc. | **X** | **X** | x | x | **X** | x | x | x |
| | Reach Out to Youth | **X** | **X** | x | x | x | x | x | x |
| | Teen Counseling Hotline | **X** | x | x | x | x | x | **X** | **X** |

*“X” indicates that the thematic analysis revealed a particular restructuring motivation. Bold upper case **x** marks indicate consistent mention across all interviews and documents for a particular motivation. Lower case x marks indicate support, but less widespread.*