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CAPTURED BY PARTNERS: INTERORGANIZATIONAL RELATIONSHIPS AND FUND ALLOCATION STABILITY IN UNITED WAY SYSTEMS

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ABSTRACT: *While organizational systems are associated with innovation and adaptability, interorganizational relationships may be predisposed to stability. Using multinomial logit analysis, we test how resource dependencies affect system stability in local United Way (UW) systems between 2000 and 2010. We find strong support for the resource dependence argument. UW are less likely to drop larger, powerful partners that are strong fundraising partners. However, powerful, long-term partners not contributing to the strategic objectives of the UW system are more likely to experience a decrease in allocations. While powerful resource partners may capture the UW, UW systems continue to change through the addition of new partners and the reallocation of resources among long-term partners. However, context also affects the capacity for change. Larger UWs are more likely to add new partners and less likely to keep long-term partners.*

INTRODUCTION

Local governance relies upon complex systems of partners to produce and deliver a variety of public services. Such interorganizational systems are valued because of their flexibility and innovativeness (Goldsmith and Eggers 2005). However, one of the big questions in organizational theory is the degree to which interorganizational relationships (IORs) are stable or adaptive (Kim, Oh, and Swaminathan 2006). Does membership in systems become resistant to change or do interorganizational systems drop and add members freely? A strategic perspective would suggest that

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organizations come and go out of IORs freely to take advantage of the diverse benefits afforded by fluid relationships among partners. As Oster (1995) observes, "Partnerships grow up, dissolve, and are later reformed" (63). When the costs of maintaining interorganizational relationships are greater than the benefits that accrue from such relationships, organizations rationally dissolve old ties with historical partners and form ties with new partners. Relationships evolve in response to changing environmental conditions.

On the other hand, systems may exhibit network inertia—a persistent resistance to changing ties (Kim, Oh, and Swaminathan 2006). Ties are embedded in social and economic relationships that produce value for partners and become highly resistant to change (Kim, Oh, and Swaminathan 2006; Hagedoorn and Frankort 2008; Uzzi 1997). While there is an extensive body of literature that explores the productive value and the formation and development of network relationships (Oliver 1990; Brass et al. 2004; Suárez 2011), we know less about changes in system membership over time. In this article, we explore basic questions of the stability of interorganizational relationships. Are interorganizational relationships stable? What organizational characteristics are associated with change in interorganizational relationships? To address these questions, we explore changing IORs in local United Way (UW) systems. Despite declining system performance and pressure from UW Worldwide to reform local UW systems (Light 2004; Paarlberg and Meinhold 2011), local interorganizational relationships may be resistant to change. Drawing upon resource dependence theory, we posit that funded partners may capture UW affiliates, complicating any effort to reform local UW systems. Analyzing allocations made by the full population of local UW affiliates to partner organizations between 2000 and 2010, we find that resource dependencies do promote stable partnerships. However, UWs respond to changing priorities by adding new partners and strategically adjusting the level of funding among long-term partners.

CHANGE IN THE UNITED WAY SYSTEM

The UW Worldwide is a complex set of nested interorganizational relationships. Approximately 1,800 locally governed affiliates are voluntary members of the UW Worldwide system. Each local affiliate is a public foundation, raising funds on an ongoing basis from many donors and distributing those funds to organizations (both nonprofit and government) within a geographic community. The complex relationships between donors, local affiliates and the organizations that they fund are the subject of many of the early studies of interorganizational relationships (Pfeffer and Leong 1977; Provan, Beyer, and Kruytbosch 1980; Provan 1983).

The UW has long played a dominant role in local fundraising efforts and community problem solving (for a full history of the United Way, see Brilliant (1990)). Local affiliates raise and distribute approximately $4 billion each year, making the UW system the single largest recipient of private donations in the US (Hall et al. 2013). Local UW affiliates are often the single largest private funder of human services in many local American communities (Grønbjerg et al. 1996) and

have been at the forefront of many innovations in human service delivery systems, including workplace fundraising campaigns, outcome-based measurement, human service referral systems (2-1-1), and current collective impact initiatives.

Despite the system's fundraising legacy and policy leadership, the UW system has faced significant challenges and criticisms (Barman 2006; Grønbjerg et al. 1996; Paarlberg and Meinhold 2011). The UW system has been accused of being elitist and non-responsive to changing community needs (Kelly 1998; Pfeffer and Leong 1977). Reliant upon a broad base of community support (Zunz 2014), local UWs have long depended upon mainstream organizations to provide a face for UW fundraising and work in the community. Drawing upon a 1992 article in the *Chronicle of Philanthropy*, Kelly (1998) estimates that local UW affiliates allocated 50% of grants to the local chapters and affiliates of 18 national organizations, such as the Red Cross, Boy Scouts, Catholic Charities, YMCA, and Salvation Army. With yearly funding made on a base allocation, new organizations representing emerging issues (such as AIDS or minority rights) found it difficult to become a partner in the UW system.

In the face of these criticisms and stagnant campaigns (Hall et al. 2013), UW Worldwide has sought to re-brand the UW system (Paarlberg and Meinhold 2011). This rebranding has sought to move local UWs away from a membership model of efficient fundraising and grant making to a partnership seeking change in community conditions. This move to a new model of Community Impact implies changes in the allocation outcomes of local UW affiliates, moving away from funding decisions based upon the need of grantees to funding decisions based upon the collective priorities of the community (Brilliant and Young 2004; Paarlberg and Meinhold 2011). Through a competitive, performance-based model of funding, Community Impact seeks to re-allocate resources to community "partners" based upon their ability to address UW established priorities (Cohen 2007).[1] Although change in partnerships may be important for UWs to stay relevant in their local communities, success as a fundraiser may be dependent upon stable relationships. We further explore the conceptual tensions between system stability and resource dependencies in the following sections.

THE STABILITY OF INTERORGANIZATIONAL RELATIONSHIPS: RDT

Oliver (1990) defines interorganizational relationships as "the relatively enduring transactions, flows, linkages that occurs between an organization and one or more organizations in its environment" (241). These relationships take many forms. Some IORs are mandated by regulation; others are voluntary networks, such as strategic alliances, joint ventures, and buyer–supplier relationships. In the nonprofit sector, there are many examples of voluntary systems in which members delegate certain administrative and resource procurement tasks to a central management agency (Oliver 1990) in order to achieve greater benefit than they could achieve as an independent organization (Pfeffer and Leong 1977). IORs may provide access to

information, new resources, markets, risk sharing, legitimacy, and economies of scale (Brass et al. 2004; Rumbul 2013). Relationships with others are particularly important when partners do not have the capacity to fundraise or accomplish mission activities on their own (Oliver 1990).

Are IORs stable? On the one hand, we would expect that, because the environment is not static, organizations continually negotiate not just strategy but also their relationships with other organizations (Pfeffer and Salancik 2003). In search of new resources or more competitive positioning, organizations may freely drop less productive partners and add partners that are more valuable. They may seek to reduce their dependence on those organizations that exert great power over them. However, organizations seeking to respond to changing strategic needs may find it hard to end existing relationships and form new relationships.

The benefits of ties paradoxically become constraints to change (Hagedoorn and Frankort 2008; Kim, Oh, and Swaminathan 2006; Uzzi 1997). In long-term relationships, particularly in those relationships where outputs are difficult to evaluate, the trust that results from long-term repeated interactions may reduce opportunism (Hagedoorn and Frankort 2008) and the costs of evaluation (Grønbjerg, Martell, and Paarlberg 2000; Jing and Chen 2012), and promote cooperation and reciprocity (Oliver 1990). Stable partnerships allow participants to develop common perspectives on issues, create norms of cooperation, and foster trust (Lubell et al. 2002). Over time, ''relation-specific assets'' develop between partners, which reduce the costs of relationships and impede the likelihood of change (Grønbjerg, Martell, and Paarlberg 2000; Kim, Oh, and Swaminathan 2006; Uzzi 1997). Ultimately, established relationships have productive value. Studies of public human service networks find that networks are stable and are more likely to strengthen over time than weaken (Isett and Provan 2005), and funding in one year increases the likelihood of later funding (Rumbul 2013; Suárez 2011).

Resource Dependence Theory

Various theories of organizations focus on the relationships between IORs and the environment. Institutional theory emphasizes how social rules, norms, and values encourage stable relationships between organizations. In contrast, resource dependence theory (RDT) draws upon concepts of power to explore the stability of IORs (Pfeffer and Salancik 2003). RDT posits that organizations depend upon resources from their external environment and therefore some organizations in IORs have more power than others based upon the nature of the resources that they control and market characteristics. Although these dependencies may constrain organizational action, organizations may use a variety of interorganizational strategies to manage environmental dependencies and ensure a predictable flow of resources. Strategies might include alliances, mergers and vertical integrations, interlocking boards of directors, political action, and executive succession (Mizruchi and Galaskiewicz 1993). Ultimately, RDT asks basic questions of why do organizations enter, maintain, or exit various interorganizational relationships (Drees and Heugens 2013), focusing on the patterns of transactions and exchanges between

organizations that drive differential access to power (Lowry 1999). Although RDT explores power both within and between organizations, we draw upon RDT to explore the relationships between funders and grantees. We posit that the type of resource, existing power relationships, and board interlocks affect stability and change within IORs.

Forms of Resource Dependence

Resource dependence may take multiple forms: legitimacy, access to tangible resources, and collective mission accomplishment. First, organizations may seek legitimacy through linkages to other organizations (Bitektine 2011). RDT assumes that legitimacy is a social resource that organizations secure through relationships with prominent partners (Scott 2013; Suchman 1995). Relationships with "more legitimate" organizations may improve an organization's reputation, image, or prestige (Drees and Heugens 2013; Galaskiewicz, Bielefeld, and Dowell 2006), provide access to resources (Suchman 1995), and may signal capacity to outside evaluators (Bitektine 2011; Rumbul 2013). Corporate foundations seeking goodwill support large, prestigious organizations (Useem 1987). Relationships to other legitimate organizations influence nonprofits receipt of donations from individuals (Okten and Weisbrod 2000) and institutional funders (Rumbul 2013).

Second, IORs offer access to tangible resources. In a study of independent and corporate foundation giving, Lowry (1999) finds that independent foundations make grants to organizations that link to other external partners (revenues from other sources and board size), linkages which may provide access or information for the foundation. In a study of UW membership, Pfeffer and Leong (1977) find a relationship between access to outside contributions and an organization's allocations from the UW. Strong fundraising organizations, such as the Boy Scouts, received a larger share of allocations than other organizations and were able to use their community appeal to fight back against efforts to reduce funding.

Third, organizations may seek partners who can help the organization to achieve its mission, particularly in complex policy areas (Isett and Provan 2005; Suárez 2011). Relationships with organizations that support mission accomplishment may be particularly important for funders (Botetzagias and Koutiva 2014; Delfin and Tang 2007; Lowry 1999; Suárez 2011). Delfin and Tang (2007) find that foundations fund large established organizations to address complex issues, local groups for local or state issues, and foreign NGOs for international issues. They conclude that grant patterns reflect a "channeling of donor resources" along mission objectives where organizations receive grants based on their expertise and competence. Similarly, in their case studies of giving by private foundations and corporations in Greece, Botetzagias and Koutiva (2014) find that funders make grants to environmental organizations based upon applicants' ability to advance the donors' environmental missions. However, other studies find no connection between community need (a proxy for mission accomplishment) and funding relationships (Garrow 2011; Pfeffer and Leong 1977).

We posit that UWs will seek long-term relationships with those partners that can provide a variety of resources.

H1a: Partners with greater legitimacy in the community will be more likely to be retained as partners in long-term funding relationships.
H1b: Partners that provide greater access to other resources will be more likely to be retained as partners in long-term funding relationships.
H1c: Partners that are central to mission accomplishment will be more likely to be retained as partners in long-term funding relationships.

Power Asymmetry

RDT posits that differential access to resources creates power imbalances within IORs, and such power imbalances drive the formation and dissolution of IORs. Pfeffer and Leong (1977) find that power asymmetries—differential dependence—affect United Way allocations to partner agencies. Those partners that are less dependent on the United Way, but an important partner for the United Way, are more likely to continue to receive funding from the United Way because they pose a threat of "withdrawal" from the system. Later studies have explored two dimensions of dependence—differential power that occurs when one organization holds more power over the relationship than another organization and mutual dependence, the sum of dependencies (Casciaro and Piskorski 2005; Drees and Heugens 2013). This differentiation suggests that those organizations that are power advantaged relative to another organization are less likely to engage in a long-term relationship with a less powerful partner. Entering into such a relationship poses a risk for the more powerful organization and ultimately reduces its future bargaining power in the relationship. However, the greater the mutual dependence (i.e., both organizations are highly dependent upon each other), the more likely that they will enter into a long-term relationship with each other (Casciaro and Piskorski 2005). We therefore expect that partners that have more power will be retained as long-term partners and partners with less power will be less likely to be long-term partners.

H2: Partners that have greater differential power and are located in systems with greater total dependence will be more likely to be retained as partners in long-term funding relationships.

Board Interlocks

RDT describes boards as boundary-spanning organizations that reduce environmental uncertainty in complex environments by connecting organizations to desired external resources (Provan, Beyer, and Kruytbosch 1980; Miller-Millesen 2003). While board connections may offer resources and legitimacy, there is some evidence

that interlocking boards may constrain strategic change (Mizruchi and Galaskiewicz 1993). Larger boards may be too slow to move, and the larger number of interactions that exist between the board and external stakeholders may increase the power of external special interests (Goodstein, Gautam, and Boeker 1994). Well-connected organizations may be more likely to be monitored and watched by other organizations and may have less autonomy to make changes in their relationships (Mizruchi and Galaskiewicz 1993). In addition, existing relationships may place a constraint on seeking new relationships with other organizations because the focal organization has already invested resources in established relationships. We therefore expect that as UW board size increases, system stability will increase. Thus, UWs with larger boards will be more likely to retain long-term partners.

H3: Partners in systems with larger UW boards will be more likely to be retained as partners in long-term funding relationships.

METHODOLOGY

We test our hypotheses using data gathered from local UW affiliates' 990 forms and from National Center for Charitable Statistics (NCCS) core file data for nonprofit agencies receiving allocations. We begin by using descriptive statistics to show the distribution of allocations to agencies across time. We then use multinomial logit regression analysis to identify the determinants of the likelihood of stable relationships vs. short-term relationships and the likelihood of long-term partners experiencing a change in the level of allocations.

Data

The allocation data come from the 990 forms of local UW affiliates and the organizational characteristics data come from the NCCS. Using the United Way Worldwide website and the core files of NCCS, we identified the population of US-based UWs. Using the IRS 990 tax report of each UW affiliate for four years (2000, 2004, 2008, and 2010), which are publicly available from Guidestar and the NCCS, we recorded the name of agencies receiving and the amount they received each year.[2]

If a UW agency did not report their allocations in a particular year, we then collected data from the following year, if the allocation data were available. For example, if allocation data were not available for 2000, we collected data from 2001. In any given year, 12% of the active UWs failed to report their allocation data.[3]

We selected 2000 as the base point for data collection for several reasons. Most UWs did not begin implementing Community Impact until after the UW of America's official launch of its Community Impact marketing campaign in 2000. The implementation of Community Impact gained momentum with the hiring of a

new CEO in 2002 (United Way). We therefore expect that system changes begin post-2000. Second, from a practical standpoint, few 990 s are consistently publicly available prior to 2000. It is important to acknowledge that, by using 2000 as a starting point for data collection, we ignore relationships and changes that occur pre-2000.

We differentiated between allocations made by UW affiliates and designations made by donors. Most UWs clearly identified donor designations, particularly designations that were part of federated fundraising campaigns, such as the combined federal campaign. Relying upon UW notes on their 990 forms, we also labeled as designations those allocations that appeared to be outside of the control of the local UW. In some cases, a specific government entity or another private organization was using the UW as a "pass through" and the UW was not controlling decisions about where the dollars were distributed. We categorized such distributions as designations and did not include designations in our analysis. We included only allocations to those organizations that received at least $5000 in any given year[4] and that were still active (had filed a tax report in 2008 and 2010). Our unit of analysis is an allocation from a UW to a specific organization. We identified 38,269 allocations to agencies that received at least one allocation from a UW during this decade, receiving a total of $6.29 billion in allocations. In order to examine change in local allocation outcomes, we analyze only allocations made by UWs that reported allocations for three or more of these years ($n = 34{,}068$) and organizations that remained active ($n = 27{,}943$).

The UW 990 reports contained Employment Identification Numbers (EINs) for almost half of these agencies. We then used GuideStar, the NCCS, and a general Web search to find the EINs for many of the remaining partner agencies. In total, we identified EINs for 87% of the partner agencies. Agencies with EINs received 96% of the total value of allocations made by local UWs. A preliminary analysis of those without EINs suggests that approximately one-third are government organizations and the remaining are programs, "collaborative structures," or faith-based institutions that have not reported revenue to the IRS. Our final data set includes 24,501 agencies with EINs and 22,756 organizations have complete data for all variables of interest.

Using the agency's EIN, we matched each agency receiving an allocation from the local UW to organizational and financial data available from the NCCS core files (The Urban Institute, NCCS Core File (Public Charities, [2000, 2004, 2008, and 2010]). The Core files include basic organizational characteristics (such as age and field of activity) as well as detailed financial information.[5]

Dependent Variables

Our analysis proceeds in two steps. First, we use multinomial logit to identify the determinants of being a short-term or a long-term heritage partner (Model 1). Then, we test the determinants of changes in allocations received by heritage partners (Model 2). In our first model, our dependent variable captures partnership stability—whether an agency receives an allocation during all years, before and after the national implementation of Community Impact. We code those agencies that

received an allocation from the same UW in all reported periods as a "heritage" partner. Forty percent of our agencies are heritage partners. We further distinguished non-heritage agencies as entered, lapsed, and episodic. Entered agencies are those agencies that first received an allocation in 2004 or 2008 and then continued to receive allocations through 2010. Lapsed agencies received an allocation in 2000 or 2000 and 2004 or 2000, 2004, and 2008 and then did not receive an allocation in 2010. Only 18% of the partners are lapsed. Episodic agencies are those agencies that are short-term partners, receiving an allocation either in only one year (2004 or 2008) or in two non-consecutive periods; for example, 2000 and 2008. Twelve percent are episodic partners.

The tendency to drop and add partners tells only part of the story. In Model 2, we take our analysis a step further by testing whether our model predicts change in the share received by heritage partners. We measure change in share of allocations received as the sum of the change in share between each year. We find that, on average, heritage partners received an 11% increase in allocation share. To account for the potential difference between receiving an increase in share and a decrease in share, we further create a categorical variable of quartile changes in share. Twenty-five percent of organizations received a decrease of more than 30% (bottom quartile) and 25% received an increase of more than 50%. It is important to note that while these changes seem excessively large, the average share of allocations received was 3.7% in all years.

Independent Variables

Our analysis includes independent variables that measure resource relationships with the local UW and control variables that other studies have used to predict contributions and grant allocations to partners.

Resource Dependence: Adopting Pfeffer and Leong's (1977) model, we include various measures of a partner's influence over a relationship. We include three measures of partner legitimacy that have been associated with the receipt of donations: asset size (Jacobs and Marudas 2009), age (Callen, Klein, and Tinkelman 2003), and being part of an affiliated system (Pfeffer and Leong 1977). We measure age as 2010 minus the year of rule date (year they first registered with the IRS). We measure size as total assets, logged to account for the skewed nature of this variable. Similarly, we expect that organizations that are part of a nationally affiliated system are valuable partners because of the name recognition and legitimacy associated with being part of a national system. Examples might include YMCAs, Boys and Girls Clubs, or Girl Scouts. We identify affiliated organizations using a listing provided by the NCCS (National Center for Charitable Statistics 2005). Twenty-nine percent of organizations are part of an affiliated system.

We account for the importance of a partner in UW mission accomplishment by coding for field of activity. Over the last decade, UW Worldwide has focused its work on three priority areas: education, income, and health.[6] However, as a fundraising organization, local UWs rarely deliver services through their own

programs. Instead, they rely on a variety of community partners to achieve their missions of helping youth to achieve their potential, promoting financial stability, and improving people's health. Drawing upon National Taxonomy of Exempt Entities (NTEE) codes, we coded all organizations in the broad fields of income, health, and education as one. We coded all others as zero.[7]

We measure a partner's fundraising capacity by calculating the percentage of total revenue that comes from non-UW contributions: total contributions minus UW allocations divided by total revenue. We expect the UW to value those organizations that are the most effective fundraisers. A high share of funding from private contributions is also an indicator of an organization's legitimacy and its capacity to secure future contributions (Hodge and Piccolo 2005).

Consistent with Pfeffer and Leong's (1977) model, we measure power as differential dependence. First, we measure UW reliance on the partner. This is a rank measure of the share of allocations received by each agency from a particular local UW. Agencies ranked from one, the lowest share of UW allocations, to the highest (total number of agencies receiving allocations). Conversely, we measure to what extent an agency relies upon a particular UW by ranking each agency based upon the percentage of their total revenues that they receive from allocations from a particular UW. The organization within a UW system receiving the smallest percentage of their revenue from the UW is one. Differential dependence is the ranked share of total allocations received (UW reliance on the partner) divided by the ranked share of the organization's reliance on UW allocations. Larger values indicate that the UW's reliance on the partner is larger than the partner's reliance on the UW. Pfeffer and Leong (1977) suggest that when an agency is more important to the UW than the UW's importance to the agency, the agency will exert greater control over the UW. Such partners become more powerful in the UW system because of their threat of withdrawal from the UW system.

Recent applications of RDT to interorganizational relationships include measures of "mutual dependence." Long-term relationships are more likely to occur in those situations in which organizations are highly dependent upon each other (Casciaro and Piskorski 2005; Drees and Heugens 2013). We measure mutual dependence as the product of UW reliance and organizational reliance. We average these two variables across all years that an agency is a member of the UW system.

We measure board connections by UW board size, as recorded on the UW 990 report. Board size does not directly capture the centrality or quality of IORs nor the informal linkages that may occur between organizations; however, board size is a proxy for the connections that an organization has to the environment (Dalton et al. 1999). Larger boards enable organizations to link to the external environment and secure critical resources, including money and prestige (Pfeffer 1972; Goodstein, Gautam, and Boeker 1994; Brown 2005). We obtain board size data from UW 990 reports.

Controls: We control for other partner and UW characteristics that may affect contributions. Over time, as the performance management movement has gained acceptance, financial stability has become a more important indicator of organizational performance (Suárez 2011) and maybe an important predictor of grants received. We measure organizational stability as margin: the proportion of revenue

remaining after expenses are paid. To account for the impact that UW campaigns might have on a partner's finances, we average the values of all financial variables for the years when the organization is not receiving UW funding. In contrast,

TABLE 1
Variables

Construct	*Variable*	*Definition*
DV: Consistency of allocations	Partner stability	Heritage: received allocations in all time periods Entered: allocations received in 2004, 2008, and 2010 or 2008 and 2010 Lapsed: allocations received in 2000 or 2000 and 2004 or 2000, 2004, and 2008 Episodic: allocation in 2004 or 2008 or two non-consecutive time periods
Legitimacy	Organization age	ln (number of years tax exempt)
	Organization size	ln (total assets), averaged 00-10
	Part of affiliated system	Dummy variable equal to 1 if the organization is part of an affiliated system, and 0 otherwise
Access to Resources	Donative (Fundraising capacity)	$\frac{\text{Total contributions} - \text{UW contribution}}{\text{Total revenues}}$
	Mission	Dummy variable equal to 1 if the organization is active in a UW priority field (income, education, health), and 0 otherwise
Power Asymmetry	UW Dependence: ranked	$\frac{\text{UW allocation to partner}}{\text{Total allocations}}$
	Organizational Dependence: ranked	$\frac{\text{UW allocation to partner}}{\text{Total Organizational revenue}}$
	Differential Dependence:	$\ln\left(\frac{\text{UW dependence}}{\text{Organizational dependence}}\right)$
	Total Dependence	ln (UW dependence* Organizational Dependence)
Board Interlocks	Size of UW Board	ln (total # UW board members)
Partner Control	Stability: Margin	$\frac{\text{Total revenues} - \text{total expenses}}{\text{Total revenues}}$
UW Controls	UW Performance	Change in UW campaign size (00-10) $\frac{UW\ Campaign10 - UW\ Campaign00}{UW\ Campaign00}$
	UW Size	ln (avg campaign size 00-10)
	Competition: Contributions to public foundations (ln)	ln (contributions to all public foundations: T30 and T31: 2000)
	Other partners (ln)	ln (# of health and human service organizations in the UW service area: 2000)

TABLE 2
Summary Statistics

	All Partners				*Heritage*	*Lapsed*	*Entered*	*Episodic*
	Mean	*Std. Dev.*	*Min*	*Max*	*Mean*			
Assets (ln)	14.03	2.14	0.00	23.86	14.05	14.16	14.09	14.00
Age: 2010	33.80	17.59	0.00	110.00	37.01	37.73	28.29	29.45
Affiliated	0.31	Na	0.00	1.00	0.38	0.36	0.22	0.24
Field: Poverty, Health, Education	0.47	Na	0.00	1.00	0.51	0.46	0.42	0.44
Donative (00–10)	0.56	0.33	0.00	1.00	0.51	0.47	0.67	0.62
Differential Dependence (ln)	0.20	0.99	−5.53	5.34	0.38	0.14	0.06	−0.05
Total Dependence (ln)	5.66	2.31	0.00	12.07	5.48	5.27	6.28	5.40
UW Board Size (avg: 00–10)	3.41	0.54	0.69	5.16	3.35	3.36	3.52	3.45
Partner Organization Controls								
Stability (00–10)	0.03	0.35	−23.76	1.00	0.02	0.03	0.06	0.00
United Way Controls								
UW size (00–10) (ln)	15.20	1.82	10.26	18.34	14.76	15.15	15.74	15.60
UW Performance (00–10)	0.05	0.47	−12.41	7.01	0.02	−0.04	0.14	0.05
Competition: public foundations (00)(ln)	12.45	6.70	0.00	21.38	11.23	12.51	13.75	13.70
Other NP partners (00) (ln)	6.03	1.81	0.00	9.10	5.69	6.27	6.16	6.56
n	22471				9562	3958	6305	2646

the financial measures for lapsed partners include only those years when the organization is part of the UW system to minimize the negative impact that the loss of UW funding might have on the partner's financial position.

We also control for various characteristics of the UW affiliate. Poorly performing organizations may be more likely to make changes to their system of partners. Severing a less productive partnership and taking on the costs of engaging a new partner may pose less risk for lower-performing organizations (Kim, Oh, and Swaminathan 2006; Hagedoorn and Frankort 2008). Organizations that are relatively better performing may be less likely to perceive environmental challenges and more likely to exploit existing resources than seek new opportunities (Kraatz and Zajac 2001). We measure UW performance as the change in campaign size between 2000 and 2010.

Organizational size may also shape the degree to which an organization seeks change in its partner relationships. Well-resourced organizations are the most likely to be aware of national trends and have the capacity to change because they have greater access to critical resources needed to implement system change (Kim, Oh, and Swaminathan 2006; Beene 2001). Larger organizations may also have greater influence over other organizations (Minkoff 1999). Board interlocks and other interorganizational networks may have less impact on the behavior of larger organizations (Arya and Lin 2007; Haunschild and Beckman 1998). Smaller organizations may benefit more from IORs and may have more at risk when changing such relationships (Das, Sen, and Sengupta 1998). We measure UW size as campaign size-contributions received in any given year. To account for fluctuations in campaign size, we average campaign size for four years (2000, 2004, 2008, 2010).

We control for market conditions by including a measure of competition: contributions to public foundations, identified by their NTEE core codes—T30 and T31. UWs operating in highly competitive environments might have unique incentives for system change. We also control for the availability of other partners by including the number of health and human service organizations in the UW service region. If a UW has few partners to choose from, we can assume that they will have less strategic choice to add or drop partners. We log UW campaign size, contributions to other public foundations, and the number of potential human service providers to control for the skewed nature of these variables. Table 1 summarizes the construction of independent variables and Table 2 presents the descriptive statistics for our sample of partner organizations with EINs.

RESULTS

Our descriptive statistics suggest that many local UW partnerships are stable and long-term partners dominate the grants system in both number of allocations and share of allocations received. Forty-two percent of organizations that received an allocation between 2000 and 2010 received an allocation during all periods. Only 18% of all organizations were lapsed partners. Furthermore, of those organizations that received an allocation in both 2000 and 2004, 78% received an allocation in 2008 and 2010. Heritage partners also received a disproportionate share of allocations. In

2000, 2004, and 2008, heritage partners received 72% of all grants allocated. By 2010, the percent of grants received by heritage partners had dipped slightly to 69%. Descriptive statistics (Table 2) also suggest that there are some differences in the characteristics of heritage, lapsed, and other short-term partners. For example, on average, new partners are younger, less likely to be part of a nationally affiliated system, and less likely to have a primary mission activity in poverty reduction, health, and education fields than heritage partners.

To test our hypothesis about the determinants of stability in UW partnerships, we estimate two multi-nominal logit models (MNLM). An MNLM simultaneously estimates the binary logits for all pairs of outcome categories. Our first model, Table 3, estimates the predictors of system stability (Heritage, Lapsed, Entered, and Episodic). Our second model, Table 4, estimates the predictors of change in share of allocations received by heritage partners (Increase, Decrease, or Stable). To simplify the interpretation of multinomial results, we present the discrete change estimates for both models (Long and Freese 2014). Discrete change is the change in the probability of each outcome that is associated with a standard deviation change in each continuous independent variable. For example, each standard deviation increase in partner age (about 17 years) increases the probability of being a heritage partner by .06. For binary variables, the average marginal effect is the change from 0 to 1. For example, the predicted probability of being a heritage

TABLE 3
Marginal Effect of the Determinants of UW Partner Stability Discrete Change (SD)

	Heritage	*Lapsed*	*Entered*	*Episodic*
Assets (ln): (00–04)	−0.059***	−0.018**	0.073***	0.003
Age: 2010	0.06***	0.036***	−0.073***	−0.023***
Affiliated	0.038***	0.003	−0.034***	−0.007
Field: Poverty, Ed, Health	0.05***	−0.01	−0.032***	−0.008**
Donative (00–04)	−0.034***	−0.038***	0.061***	0.011***
Differential Dependence (ln)	0.085***	−0.025***	−0.043***	−0.017***
Total Dependence (ln)	0.123***	−0.063***	0	−0.06***
UW Board Size (avg: 00–10)	0.048***	−0.023**	−0.01	−0.015*
Partner Organization Controls				
Margin (00–10)	−0.033***	0.001	0.046***	−0.015***
United Way Controls				
UW size (00–10) (ln)	−0.156***	0.014	0.077***	0.065**
UW Performance (00–10)	−0.011	−0.029**	0.037**	0.004
Competition: public foundations (00)(ln)	−0.007	−0.015*	0.021*	0.002
Other partners (00) (ln)	−0.068*	0.095***	−0.069***	0.042
N	22,471			
Log pseudolikelihood	−25607.36			
Wald chi^2	2432.65			
Pseudo R^2	0.11			

***$p < 0.01$, **$p < 0.05$, *$p < 0.1$.

TABLE 4
Marginal Effect of the Determinants of Change in UW Heritage Partner Allocations

	Stable	*Decrease (>30%)*	*Increase (>50%)*
Assets (ln): (00–04)	−0.022**	0.031***	−0.009
Age: 2010	0.013**	0.033***	−0.046***
Affiliated	−0.024*	0.037***	−0.013
Field: Poverty, Ed, Health	0.004	−0.049***	0.045***
Donative (00–04)	−0.018***	−0.027***	0.044***
Differential Dependence (ln)	0.019***	−0.002	−0.017***
Total Dependence (ln)	0.032***	0.056***	−0.089***
UW Board Size (avg: 00–10)	0.062***	−0.042***	−0.02
Partner Organization Controls			
Margin (00–10)	0.01**	−0.004	−0.006
United Way Controls			
UW size (00–10) (ln)	−0.085***	0.024	0.061***
UW Performance (00–10)	−0.011	0.054***	−0.043**
Competition: public foundations (00)(ln)	0.002	−0.006	0.003
Other partners (00) (ln)	−0.061***	−0.007	0.068***
N		9,325	
Log pseudolikelihood		−9110.0707	
Wald chi^2		503.4	
Pseudo R^2		0.0598	

***$p < 0.01$, **$p < 0.05$, *$p < 0.1$.

organization is .04 higher for affiliated organizations than non-affiliated organizations, all else being equal.

Our results generally support the hypothesized relationship between legitimacy and long-term partnership (H1a). Age and affiliated status increase the probability of being a heritage organization and decrease the probability of being a new partner. However, contrary to our expectations, all else being equal, size is negatively associated with the probability of being both a heritage partner and a lapsed partner. Fundraising capacity decreases the probability of being both a heritage partner and a lapsed partner, but increases the probability of being a new partner. This provides mixed support for H1b. Being a partner operating in a field central to the UW mission increases the probability of being a heritage partner but also decreases the probability of being a new or episodic partner (H1c). Our results provide strong support for the importance of power in promoting system stability (H2). Each standard deviation increase in power differential (UWs rely more on partner organizations, but partners depend less on UWs) and total power within the UW system increases the probability that a partner will be a heritage partner and decreases the probability that a partnership will lapse. Being a new or an episodic partner is associated with decreased power. In support of Hypothesis 3, we find that as UW board size increases, the probability of heritage partnership increases and the probability of a

lapsed partnership decreases. The relationships between partner capacity (assets and donative capacity) and UW partnership are less clear.

Concerning control variables, increasing margin decreases the probability of being a heritage partner or episodic partner, but increases the probability of being a new partner. UW campaign size decreases the probability that an organization will be a heritage partner and increases the probability that an organization will be a new or episodic partner. Similarly, UW campaign performance decreases the probability of lapsed partnership and increases the probability of a new partnership. Contributions to other public foundations decrease the probability of a partnership lapsing and increase the probability of a new partnership. The presence of other partners decreases the probability of a heritage partnership and increases the probability of a lapsed partnership.

While we had hypothesized that resources dependencies promote system stability, UWs may engage in less drastic change by reallocating resources among heritage partners. We next investigate the determinants of change in the share of allocation received between 2000 and 2010 by heritage partners. To control for possible endogeneity, the effect that UW allocations may have on partner characteristics, all partner characteristics are average measures of 2000 and 2004 values. In Table 4, we use multinomial logit to test how our predictors effect the probability of receiving more than a 30% decrease in allocation share (bottom quartile) or receiving a 50% increase in allocation share (top quartile). We also report these results as discrete change. Increasing age, system dependence (both differential and total), and UW board size increase the probability of stable funding. Being larger, older, and affiliated with a national system increase the probability of receiving a large decrease in allocation share. Being part of a system with high total dependence also increases the probability of receiving a decrease in allocation share. On the other hand, fundraising capacity and operating in UW priority fields are associated with a decrease in the probability of experiencing a large decrease in allocations and positively associated with an increase.

When examining the effect of UW system controls on changing levels of allocations for heritage partners, we find that UW size decreases the probability of a stable allocation share and increases the probability of receiving an increased allocation share. Improvement in campaign performance is associated with increased probability that a heritage partner will receive a large decrease in share but decreases the probability of an increased share. Competition with other public foundations has no effect on the probability of change in share. As the number of other potential partners in the UW system increases, the probability that a heritage partner receives a stable share decreases and the probability of a bigger share increases.

Table 5 summarizes the significant results across all models. Several patterns emerge. First, the determinants of being a new partner are opposite of the determinants of being a heritage partnership, suggesting that system change is occurring through the addition of new partners. Age, affiliated status, and field of activity aligned with UW priorities drive heritage partnership, while size and fundraising capacity drive new partnerships. In the move to Community Impact, the search for partner capacity drives change, while legitimacy and power drive system stability.

TABLE 5
Summary of Determinants of Partner Stability in Local UW Systems

Variables	*Lapsed*	*Decrease (>30%)*	*Entered*	*Increase (>50%)*	*Heritage*
Assets: 00–10 (ln)	–	+	+	NS	–
Age: 2010	+	+	–	–	+
Affiliated with National System	NS	+	–	NS	+
Field: Poverty, Ed, Health	NS	–	–	+	+
Donative (00–10)	–	–	+	+	–
Differential Dependence (ln)	–	NS	–	–	+
Total Dependence (ln)	–	+	NS	–	+
UW Board Size (avg: 00–10)	–	–	NS	NS	+
Partner Organization Control					
Margin (00–10)	NS	NS	+	NS	–
United Way Controls					
UW size (00–10) (ln)	NS	NS	+	+	–
UW Performance (00–10)	–	+	+	–	NS
Competition: public foundations (00) (ln)	–	NS	+	NS	NS
Other partners (00) (ln)	+	NS	–	+	–

Note: $p < 0.1$.

New partners have greater capacity, as indicated by size, fundraising performance, and financial stability, providing strategic advantage for UWs. In addition, mission and fundraising capacity are associated with increased share of allocations for heritage partners. However, one notable exception emerges. Mission is negatively associated with entrance into the UW system, perhaps reflecting local affiliates' efforts to respond to unique, diverse local needs. Second, partner capacity indicators are less important drivers of heritage or lapsed relationships, where indicators of legitimacy and differential power are consistent determinants of partnership stability. These same legitimacy indicators increase the probability that heritage partners will receive an allocation decrease.

UWs may minimize the public costs of dropping powerful partners by reallocating resources among existing partners and bringing on new partners that contribute to changing strategic priorities. However, UW capacity is also an important predictor of change. Being part of a system with large boards reduces the likelihood of change in the system—the entry and exit of partners and significant reallocation of resources. In contrast, UW size increases the probability that new and episodic partners will enter the UW system and that heritage partners will receive an increase in funding.

DISCUSSION

Do complex systems tend towards stability? Building on the recent revival of interest in RDT (Gulati and Sytch 2008; Katila, Rosenberger, and Eisenhardt 2008;

Malatesta and Smith 2014; Ozcan and Eisenhardt 2009), we test the stability of IORs in the context of local UW systems between 2000 and 2010. Our findings provide strong support for the notion that resource dependencies, particularly dependencies with legitimate partners, encourage system stability. Despite UW World's effort to change the UW system and "open" local grant making systems, local affiliates are strategic and act in their own self-interest, even in the face of normative pressures for change (Oliver 1991; Tilcsik 2010). Decoupling between national expectations and practice (Jing and Chen 2012) occurs as local UWs retain "traditional partners" that provide legitimacy to the local system and instead pursue incremental change through the addition of new partners, the exit of "old partners," and the reallocation of resources among long-term partners. Thus, despite obvious stability, these findings suggest that resource dependencies are mutual, dynamic, diverse, and context specific. While RDT may imply static partnerships, we find that "captured" parties—local UW affiliates—use various strategies to minimize dependencies. The dependent party adjusts levels of dependencies (allocations) to accommodate shifting goals. Rather than dramatic entries into and exits from the system, change occurs through ongoing adjustments within existing networks, providing an image of both stability and change.

Before discussing the conceptual contributions of our findings, it is important to acknowledge the limitations of our study. First, we study change in one context, local UW affiliates, which as public grant makers may be particularly dependent upon their long-term partners for survival. Second, our study has a clear beginning and ending point and does not capture the change that may have occurred prior to 2000 nor post-2010. New partners may have entered the system in the late 1990s in some UW systems that had moved to models of Community Impact before change in the larger UW system began. These agency partners were already in the system and would count as "heritage" partners. Finally, available nonprofit data sources limit our final sample to only formally registered organizations, which report revenue to the IRS. We discuss these limitations in more detail in the methodology and endnotes section.

Despite these limitations, we believe that our study advances our understanding of change and stability in a complex system. Four key findings emerge that advance the application of RDT in complex systems and offer avenues for future research. First, consistent with the basic premises of RDT, our study emphasizes the reciprocal nature of power in complex systems, specifically grant-making systems (Bies 2010; Saidel 1991). Many studies drawing upon RDT emphasize the power of funders over grant recipients (Froelich 1999; Grønbjerg 1993). However, even in hierarchical funding relationships, power flows both ways (Kelleher and Yackee 2009). As Bies (2010) reminds us, "resource dependent relationships are seen as interdependent and mutual: nonprofits rely on funders for resources, funders rely on nonprofits for conferred legitimacy and mission delivery . . . ." (1068). Consistent with early studies of RDT (Pfeffer and Leong 1977), our findings reinvigorate the notion that grantees may capture grant makers by providing legitimacy, mission accomplishment, and access to financial resources.

Second, although there is much stability in local UW systems, resource relationships are not static. Our research goes beyond a story of resource dependence

constraining system change to identifying diverse strategies that focal organizations use to manage these evolving dependencies. In doing so, our study highlights the dynamics of resource dependencies. As we demonstrate, system change occurs in a variety of ways: addition of new partners, use of episodic partners, and reallocation of resources among long-term partners. While UWs may be more likely to retain powerful partners, new partners receive smaller shares of UW funding, reducing UW dependence on partner organizations. New organizations may enter systems on a trial basis. As trust increases and relationships develop, "new partners" may gain greater power within the system, eventually replicating old patterns of partner control. Alternatively, it may be possible that, consistent with institutional theory, UWs will add new partners to present a façade of change for external stakeholders. While further longitudinal analysis will tell whether "new partners" increase their power in the system over time or remain "window dressing," field studies are necessary to disentangle the symbolic and strategic roles of new partners.

Third, our findings extend RDT by highlighting the differential effect of multiple forms of dependence —legitimacy, access to resources, mission accomplishment, and power. While RDT acknowledges diverse dependencies, our study suggests that diverse dependencies may have diverse outcomes. Malatesta and Smith (2011) draw upon RDT to explain that the nature of the resource exchange influences the contract used to manage that relationship. Similarly, we find that UWs manage dependencies through both the public face of partnership —who receives funding— and the internal priorities of the focal organization—the allocation of funding within the local system. Different dependencies drive these diverse outcomes. We find that legitimacy (age and affiliated status) and mission accomplishment are associated with long-term partnership, which provides external validity for local UWs. In contrast, youth and fundraising ability are associated with increased share of allocation, perhaps reflecting the internal strategic priorities of the UW. Such shifts in allocation are less visible to the public.

Finally, we find some evidence that location affects IORs. Communication and technology advances seem to have eroded the importance of place in organizational theory (Pfeffer and Salancik 2003; Scott 2013). However, geographic communities are home to market interactions, public policies, and social relationships that create not only institutional expectations (Marquis, Glynn, and Davis 2007) but also drive resource dependencies. Capture by long-term partners may be particularly strong in those contexts when funders are small or the market provides few alternatives for potential partners. Under such conditions, funders may have limited internal capacity for system change and they may be more highly embedded in their local communities. While our models only test the direct relationship between context and change in IORs, future research should explore the boundary conditions of RDT. Are resources equally valuable across all contexts or do the various characteristics of place moderate the relationships between resource dependencies and IORs?

Public leaders increasingly look to voluntary interorganizational relationships to solve complex problems. While such systems may seem fluid and adaptive, membership in such systems may tend to inertia. We find that the resource dependencies that drive partnership in UW systems in 2010 are not that much different from

the determinants of partnerships Pfeffer and Leong (1977) described 30 years earlier. This finding may be discouraging for those seeking radical change in a complex system. However, local UWs are making incremental changes by maintaining powerful partners that provide legitimacy in the community, while simultaneously reallocating resources in ways that offer resource and mission advantage to the local UW. Ultimately, the capacity for system change may be dependent upon a central actor's resources and the munificence of their environment. Local actors with the greatest access to resources may be most adaptable. Smaller systems may have limited and unequal capacity and opportunity to respond effectively to changing local needs. In the end, as local systems respond to their own distinct resource pressures (Beene 2001; Paarlberg and Meinhold 2011), local UWs remain loosely coupled to the national change effort, resulting in variation across local systems and frustrating efforts for widespread system reform.

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NOTES

1. Throughout the rest of the article, we will use the term *partner* to describe nonprofit agencies that are funded by the United Way. This change in language is reflective of the move towards Community Impact.

2. Prior to 2008, each reporting grant maker provided a list of organizations receiving a grant as supplemental schedules produced by each organization (in support of Part II, line 22a). In 2008 and 2010, organizations reporting more than $5000 of grants on Part IX, column (A), line 1, were required to complete Schedule I, Parts I and II. This new schedule requires the name and address of the grantee, their EIN, amount of the grant, and the purpose of the grant. Such requirements improved the consistency of reporting allocations in subsequent years. For further information about the construction of the data sets, please contact the corresponding author.

3. A number of 990 reports in a given year may not include allocations for two reasons. First, the UW may have filed a 990 report but not reported their allocations. Reporting was generally less consistent prior to the 2008 IRS reporting requirement changes. Alternatively, a UW may have failed to file a 990 report in a particular year. In general, non-reporting has declined over time. In 2000, 105 UWs did not report allocations. In 2004, 67 UWs did not report allocations. In 2008, 143 UWs did not report allocations. In 2010, only 29 UWs did not report allocations.

4. Changes to the 990 reporting form; in 2008, the IRS only required that nonprofits report grants to other organizations that exceeded $5,000.

5. The Core files include specific financial information for 501c(3) charitable organizations. However, these financial data are not without limitations. First, the files may contain inactive organizations or may contain information from the organization's last filing year, rather than the current year. For example, 6% of the organizations found in the 2004 NCCS Core file are included on the basis of 2002 990 reports. To help address those issues, we separated each Core file by agency fiscal year. To account for missing data that may occur when agencies fail to report to the IRS in any specific year, we replaced any missing value for a specific year with a three-year average. For example, if a variable for 2000 is missing, it is replaced by the average of 1999 and 2001. The Core files also only include those charitable organizations that are required to report their finances to the IRS. Prior to 2008, organizations with total revenue less than $25,000 were not required to complete a 990 report (in later years, the threshold for reporting became $50,000). As a result, the Core files do not include smaller organizations, as well as places of worship and their auxiliary programs, and many local chapters of national organizations (for example, local Red Cross chapters) that file with a parent organization.

6. "Our Work: United Way Worldwide." http://www.unitedway.org/our-work.

7. This category includes NTEE codes I80, I83, J20, J21, J22, J30, J32, J33, E31, K30, K31, K34, K35, L20, L21, L22, L30, L40, L41, L80, L81, L82, P20, P21, P24, P26–P33, P40, P42–P47, P50–P52, P60–P62, P70, P71, P73, P74, P75, P80, P82, and P84 (Rogers, Martinez, and Silverman 2009). While NTEE codes are generally consistent across years for any organization, these classifications only capture primary field of activity for each organization.

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