Identity and Integration: The Roles of Relationship and Retention in Nonprofit Mergers


**Summary:** This research discusses the findings of a qualitative study that assesses the in-depth interviews of the Executive Directors and Board Members from 13 merger cases of nonprofit organizations and the post-merger influences on the integration of those new nonprofits. As a part of the integration, there is a particular focus on the identity of the nonprofits as they go through the merger which results in an identity change of absorption, preservation, or creation. Mergers cannot be discussed without also analyzing the effect of these changes on the nonprofit leaders of these organizations, including the retention rate.

**Who can benefit from the research?**

This research could be beneficial for organizations undergoing a merger either as the acquirer or acquired. Although, even if you are not currently or expect to be undergoing a merger, this is relative to all nonprofit organizations due to the inevitability that there will be organizational change in the organization’s lifetime.

**What are the primary take-aways from this research article?**

- Most studies performed on mergers are geared towards pre-merger standards and even then, they are mainly financially focused.
- Post-merger studies focus almost completely on the financial outcomes and effects rather than the restructuring. There is a major need for more studies around the theory of organizational change and the identity of an organization post-merger. Organizational identity is important because we must understand who we are and who we want to be as an organization.
- During organizational change, there is the issue of dominance. While there may be the theory of equality, realistically one organization’s identity will dominate the other’s. This leads to misconceptions about the organizations involved. The
various ways to manage multiple identities while undergoing organizational change are to Preserve, Absorb or Create.

- In cases of cultural compatibility before the merger, it took on the shape of an actual merger where the relationships led to a common culture and more transparency as a result of awareness from both sides. It is significant in preserving the identity of the acquired organization to retain the name and mission of the original programs as well as shows fair leadership. But even with negotiations about retention for staff and programs, it is not guaranteed that all leaders will be happy with the changes made. In some mergers, the Executive Director left during or before the merger so temporary EDs were brought in to see the merger through. While this may have been necessary, this did not help in terms of leadership and creating a compatible culture.

- If the cultures were incompatible, the merger took on the form of an acquisition and a complete takeover, or absorption. Usually there is little retention in staff and/or programming and Executive Directors were not retained in any capacity.

- In mergers resulting in creation, there was awareness of the organization, but no previous relationships. The purpose of rebranding rather than retaining is for a more complete and cohesive organization with new programs that fulfill the new mission better. Managerial dilemmas are likely to arise due to the lack of relationship, but

**What type of organizational orientation might make the most use of this research?**

- The study had parameters geographically focused in metro Chicago, time specific 2004-2014, size varied $250,000 - $60,000,000 in reported revenue, and subsector diversity. Due to this, this research could be used for small to very large nonprofits in metropolitan areas in various nonprofit subsectors.

**When would this research be useful:** This research would be useful when an organization is entering or about to enter a merger.

**How does this article inform recommended practice?**

- This research explains the different forms of mergers and how each one has been approached, the changes to be expected from each approach and how to handle the changes. Even if there is no merger directly present, awareness of competitors is necessary.

- Understand that changes are not just financially-based, there is importance on relationships and understanding the overall greater good of this organizational
change.

**Keywords:** Management; Nonprofit Organizations; Mergers; Identity