1 Introduction

The 2008 collapse of the U.S. financial markets and the subsequent global fiscal crisis have had a profound effect on nonprofits in the U.S. Given the wide ranging service delivery and advocacy role of nonprofits—they represent some 10% of the GDP and full-time employment and play key roles in the delivery of health, education, social and cultural services—the new financial conditions have caused considerable organizational strains at the same time as demand for services has increased. Some nonprofits that were directly funded by now failed financial entities have simply shut up shop. The New York-based Justice, Equality, Human Dignity, and Tolerance Foundation (known as JEHT) learned in late 2008 that its major sponsor, who had invested most of her wealth in Bernard Madoff’s ponzi schemes, could no longer support the organization. Although JEHT had been disbursing some US$ 24 million in grants annually until 2007, in January 2009 it ceased all operations. In the year before its September 2008 bankruptcy, the financial services firm Lehman Brothers had distributed through its Foundation some US$39 million to 200 nonprofit organizations. When Lehman folded, those funded organizations had to scramble to close substantial holes in their budgets.

The general one-line script for nonprofits in the U.S. has been that they are now being asked to do a whole lot more with a whole lot less. But, not surprisingly, the picture is a lot more complex, and the impact of the fiscal crisis has varied significantly between different states and loca-
tions in the U.S., between different subsectors and between organizations within any subsector. Moreover, the situation continues to unfold as non-profits are begin to feel the full impact of the trail off of the American Reinvestment and Recovery Act (the Obama administration’s economic stimulus package).

At the time of the writing of this article in late 2010, the general trends in economic indicators appear to signal that the worst is over in the U.S.¹ This however, has yet to translate financially for many organizations as they recover from the considerable declines in income experienced at the depth of the recession. Looking back, we can speculatively break down the recession into three periods: the onset (December 2007-February), the depth (February 2009-February 2010) and the recovery (February 2010 onward). The exact date spans of these periods are a matter of dispute and even now there are those who cast doubts on the viability of the recovery, particularly for nonprofits who depend on the shrinking fortunes of government. Even as nonprofits recover, organizations will find themselves fundamentally changed and will need to find ways to expand their fundraising efforts and maximize their output to maintain financial health.²

This chapter summarizes the survey research that has been done to study the impact of the crisis on nonprofits and looks at the literature that emerged during this period to advise organizations how best to cope with the downturn conditions. It is important to note that the surveys quoted in the following sections generally have considerable sampling errors. The surveys most often use self-reporting through online or telephone questionnaires and so by definition gather information only from those organizations that continue to exist, and those that have the time, resources and interest in responding. Moreover, many organizations surveyed, as well as the organizations doing the surveys, may have an interest in misrepresenting the financial situation and organizational health of nonprofits in order to either elicit the sympathy of donors, or conversely to demonstrate how resilient they are. A definitive analysis of how the crisis has impacted on nonprofits in the U.S. will have to wait for future research based on more objective indicators.

2 Trends in Giving

After years of steady growth in private giving to nonprofits throughout the 1990s and early 2000s, various surveys reported considerable declines in 2008 and 2009. According to the Center on Wealth and Philanthropy at Boston College there was an estimated decrease in giving of 6% in 2008 and a further 4.9% drop in 2009 in donations from individuals to the sector in general, and the Chronicle of Philanthropy reported an 18% decline in cash contribution to large charities in 2009. A survey conducted by the Alliance of Arizona Nonprofits in February of 2009 showed declines in revenue by “an average of 18%” with many Arizona nonprofits expecting further declines.

However, the most recent surveys appear to signal a turnaround. The Chronicle of Philanthropy reported that in the second quarter of 2010, cash giving to big charities grew by a median of 3.1% compared with 2009. This seems to be the general trend for larger nonprofits, such as the Fidelity Charitable Gift Fund, a fund that focus on large private donors, which in August 2010 reported that it raised 67% more in the first six months of the year than it did in 2009 (Fidelity is a relatively new fund and part of the increase represent the success of their business model). According to the Blackbaud Index of Charitable Giving, large organizations saw big increases in revenue in February of 2010, but this was largely attributed to a spike in donations that resulted from the January earthquake in Haiti. Other surveys indicate an upward trend in revenue throughout 2010, although with

6 Ibid.
fluctuations throughout the year, and there has been a considerable increase in online giving (which is partly due to the growing acceptance of online, social media and other electronic portals for donations). However, not all segments of the nonprofit sector appear to be benefitting equally from the recovery in giving, with the Blackbaud Index indicating that while large organizations are seeing significant increases in 2010, revenue for small organizations has remained steadily positive but more modest, and medium-sized organizations still have reduced revenue.

The private giving trends can be broken down according to the following categories: individuals, corporations and foundations.

**Individuals**

A 2010 poll by Harris Interactive indicates that individuals gave in smaller amounts and to fewer organizations and that the percentage of people who said they were not making any charitable donations increased throughout 2009, from 6% to 12%. But people were volunteering slightly more than they were in previous years.

In contrast, according to the Cygnus Donor Survey released in June 2010, the impact of the economic recession on philanthropy appears to be moderating with only 8% of typical donors planning to give less, compared to 2009 where 17.5% responded the same. However, a higher percentage of affluent donors (17%) indicated that they would give less this year, which may continue to pose a problem for many nonprofits that depend more on donors who make large cash donations.

**Corporations**

Corporate giving is slowly bouncing back but a majority of big businesses say it will be awhile before they return to their pre-

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recession levels. In a survey of 162 of the country’s largest companies, “54% of businesses say they gave less cash, 30% gave more, and 16% gave roughly the same.” However, in-kind donations have increased as well as volunteering. Corporations have also indicated a more narrowed focus on organizations that “align with their business goals and expertise” and can provide measurable results.13

Foundations

Yearly trend studies conducted by the Foundation Center of the 75,500 grantmaking foundations in the U.S. indicate that awards increased from 2007 to 2008 but then fell 8.4% in 2009 (independent and family foundations reduced their giving by 8.9%, corporate foundations by 3.3% and community foundations by 9.6%). The Foundation Center anticipated that the grant levels would remain flat in 2010 and then there would be modest growth in 2011.14

Although there are conflicting findings with current assessments ranging from bleak to optimistic, the majority of recent reports show that private giving is slightly up from 2009, signaling what may be a hopeful road to recovery. The following trends in giving during the crisis can be observed:

1. Corporations, foundations and individuals have narrowed their focus towards causes that matter to them most and that provide measurable results.

2. Corporations and individuals have increased volunteering efforts as a way to mitigate the financial impact of the recession on organizations.

3. Giving to international aid organizations has had a notable increase in 2010, though this may be due to the tremendous surge of donations that were given to relief organizations following Haiti’s devastating earthquake.


2.1 Public Funding

Public funding has been hit hard due to steep budget cuts at all levels of government and delayed payments. The economic stimulus money of 2010 helped save state budgets temporarily but with a projected national budget gap of about $84 billion in 2011, organizations are bracing themselves for even bigger financial challenges in the near future. Fundraising consultants worry that too many of the organizations that worked hard to obtain stimulus funds wound up receiving nothing at all. State budget deficits have resulted in funding cuts to vital programs and services and the imposition of new fees and taxes. Furthermore, delays in payments and government contract abuses have caused cash flow problems for many organizations that rely heavily on government grants to operate.

2.2 Consequences for Organizations

Declining revenues and increased costs continue to plague organizations, limiting their ability to plan for the future. This has led some organizations to lay off workers, hold off on hiring new workers and in the worst cases, cut services. In the period between September 2008 and March 2009, 80% of organizations surveyed by the Johns Hopkins University Listening Post Project reported some fiscal stress and 40% considered it to be either “severe” or “very severe.” Factors contributing to the stress were declining revenues, increased costs, declining endowments and decreased cash flow. Organizations reported significant losses in revenue resulting from the decline of individual contributions, corporate contributions and found-
In April 2009, The Nonprofit Finance Fund warned of the “precarious situation” of many nonprofits due to the loss of revenue, which served to highlight the risky financial situation of organizations that lacked financial reserves and worked with constrained cash flows.\(^{19}\)

Significant cuts and delays in government funding have produced serious cash flow problems for organizations, especially for those that depend on state dollars to provide much of their financial support. Even as private giving slowly returns to pre-recession levels, the losses incurred by state funding cuts will be difficult to recover.\(^{20}\) Human service organizations are particularly vulnerable as government funding accounts for over 65% of total revenue, with 60% of organizations indicating that it is their largest funding source.\(^{21}\) Though nonprofit-government contracts have always been problematic, further cuts and delays in funding have exacerbated the tension, highlighting the weaknesses in the relationship between the government and nonprofit sector.\(^{22}\) The National Council of Nonprofits released a report in March 2010 condemning state and local policymakers for making “decisions detrimental to nonprofits” which included funding cuts for services that nonprofits are expected to deliver.\(^{24}\) The effects of these decisions, as outlined by the report, are not limited to the organizations that depend on state money. Cutting funding for organizations that provide vital services has shifted the burden onto other nonprofits, forcing them to shoulder the costs of increasing need. The National Council noted that nonprofits that rely on government contracts to provide funding for their services have been forced to “involuntarily bankroll government services” by reducing costs and ob-

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\(^{19}\) Ibid., 5.


\(^{23}\) Ibid., 23.

taining bridge loans with high levels of interest in order to meet contracted benchmarks. The report also notes a rising trend of government proposals to “squeeze money” from nonprofits through the elimination of tax exemptions and the imposition of new fees (e.g. some city governments, knowing they cannot levy “taxes” on nonprofit education, health and social services facilities, have begun to institute new fee structures for the delivery of city services designed specifically to collect revenue from large nonprofit landholders). This could permanently alter the relationship between the government and nonprofit sector and place an even bigger burden on nonprofits as they struggle to meet the growing demand for their services.

In addition to declining revenues, nonprofits have had to deal with the increasing costs of health benefits and wages. Larger organizations were more likely to experience increasing costs as they have larger staff and accompanying escalating benefits. But all organizations, regardless of size, have been hit by the recession in one way or another. In response to the economic conditions, organizations have cut costs by reducing services, foregoing salary increases, reducing their budgets, implementing hiring freezes and laying off staff, all in spite of the growing need for services. These decisions have been crucial for many organizations to maintain financial stability. Unfortunately, some of it has come at the expense of staff morale as employees worry about losing their jobs. But the majority of organizations indicate a solid to commitment to the number of people they serve, showing that it is the clients’ interests that they have in mind when making these challenging decisions.

Despite the dire challenges, more than two-thirds of the organizations in the 2009 Johns Hopkins Listening Post survey indicated that

25 Ibid., 5.
26 Ibid., 7.
they have been “successful” or “very successful” in coping with the crisis. Well-managed organizations are instituting classic organizational strategies for risk management in hard times, including cost reductions and scenario planning, and some have found that they are in fact expanding as they take over contracts from other failed nonprofits and attract new funding through fiscal stimulus packages. Many in the sector have simply been “philosophical” and have pointed out that they have survived recessions in the past and that, although this is the end of the boom times, they are not worse off now than they were in past lean times. Nonprofits have been urged to see hard times as an opportunity for needed restructuring and repositioning; probably the most overused expression of the last years has been that “you never want a serious crisis to go to waste”, a quote attributed to President Obama’s Chief of Staff Rahm Emmanuel.  

3 How Should Organizations Respond to the Fiscal Crisis?

The economic recession has spawned a wide range of literature that documents how organizations are coping and advises on how best to manage organizations in times of crisis. Uncertainty about the future has made planning difficult as organizations struggle to cope with the impact of the recession. Some organizations are exploring mergers as a way to ensure the survival of their programs, while most are simply learning how to do more with less.

3.1 Mergers

The fiscal crisis has forced many organizations to restructure, consolidate or worse, shut down entirely. Mergers have provided a way for struggling
organizations to continue their missions while they shore up finances to appear more attractive to funders. In the Bay Area, a portion of the emergency funding set aside by the San Francisco Foundation for struggling organizations was used to create a Nonprofit Transition Fund that gives those interested in pursuing mergers, financial assistance to pay for lawyers, planners and facilities managers. Similarly, The Lodestar Foundation in Arizona put up a $250,000 annual collaboration prize in 2008 as incentive for organizations “to increase efficiency and eliminate duplication”. As funders and donors become more discerning about which causes they choose to support, mergers have become an increasingly promising tool for organizations to survive the economic recession. They also provide a proactive approach for healthy organizations to “strengthen effectiveness, spread best practices and expand reach”.

Although mergers have helped many struggling organizations stay afloat, some experts caution that it can also be incredibly problematic, as missions do not always “match up.” Rick Cohen of Nonprofit Quarterly notes the importance of differentiating between mission acquisition and asset acquisition when considering a merger. As the recession continues, organizations that are acquired may find that some of their programs being inevitably “shed” so the acquiring organization can survive. In order to protect themselves and ensure continuity of services, organizations looking to merge must be vigilant about finding ways to protect their programs by including provisions in contracts that can ensure a program’s survival after an acquisition.


Cutting Costs and Contingency Planning

Because organizations are faced with difficult choices about where to focus their resources they have had to find effective ways to cut costs without severely hindering their ability to carry out their missions. A survey conducted by The Bridgespan Group documented several cost-cutting measures organizations have used to tighten their operational budgets. Pay cuts and furloughs have been used as a means to cut costs without eliminating employee positions, and reassigning staff, such shifting employees’ roles towards fundraising, has helped some organizations meet the growing demand for their services. The report also highlighted that organizations were renegotiating vendor contracts as a way to reduce overhead costs. In times of recession, organizations are finding that many vendors would rather adjust rates than lose business entirely. According to the Nonprofit Quarterly, organizations have also achieved economies of scale through collaboration, by exploring joint purchasing with neighboring organizations and job-sharing as well as by hiring of consultants instead of full-time staff. The surveys note the importance of employee participation in these measures, as they can potentially impact staff morale and hinder productivity.

Another important measure highlighted by the surveys is program assessment. By analyzing which programs are critically needed, an organization can find more efficient and effective ways to achieve its mission. This can be accomplished by evaluating how well certain programs align with the community’s needs and the organization’s capacity to deliver services in a quality and cost-effective way. Thorough program analysis and assessment can help organizations better understand the choices they must make to successfully navigate the financial crisis.

39 Ibid.
40 Ibid.
42 Ibid., 14.
43 Ibid., 13.
The Bridgespan Group report also highlights the importance of "approaching cost-cutting within the context of long-term planning," or as some call it, contingency planning. By looking at several possible outcomes, leaders can plan for potential scenarios and be prepared for the impact it will have on their organizations. Paul Light, a professor at New York University’s Wagner School of Public Service, offered four possible scenarios the nonprofit sector and individual organizations would face in the tough economy: a “rescue fantasy” in the form of an unusual gift or infusion of money; a “withering winterland” in which the elimination of workers and services which would prevent the organization from accomplishing its mission; an “arbitrary winnowing” in which many organizations particularly mid-size organizations closed due to fiscal stress leaving the sector leaving the sector with “fewer but bigger nonprofits and a lot of smaller nonprofits that already live hand to mouth”; or a positive “transformation” in which organizations use the faltering economy as an opportunity to reinvent themselves. While external conditions might largely determine how such scenarios played out, organizations have control of their own strategic choices, and contingency planning tools, like The Nonprofit Assistance Fund’s scenario planning worksheet, help organizations prepare for such scenarios and “adapt to changing circumstances” as they arise.

According to The Chronicle of Philanthropy, organizations that have implemented contingency plans are “faring better” in the recession, indicating that such tools are not only useful but also vital.

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45 Ibid.


3.3 Intensify Fundraising

The intensified competition for donations and contracts created by the financial crisis has highlighted the need for organizations to have clearly defined missions that provide measurable results and to communicate them effectively to stakeholders. Close to half of the respondents in the Listening Post Project report to having “improved or expanded” marketing (48%) and advocacy (45%) efforts in addition to cutting costs during the recession. Organizations have increased their efforts to strengthen relationships with key stakeholders, core funders and board members as a way to aid fundraising activity and have sought to develop new marketing and communication strategies for fundraising.49

Having a diverse set of revenue streams is crucial especially in times of deep budget cuts. According to a survey conducted in 2010 by the Nonprofit Finance Fund, a majority of organizations (61%) have less than three months of cash available while 12% have none.50 The Nonprofit Finance Fund suggests bringing together leaders, board members and advisors to review the organization’s financial assets in three critical areas – cash deposits, investments and revenue – to determine how diverse and safe their funding streams are.51 The crisis has coincided with the rise in online giving and many organizations have utilized the Internet to attract new donors and strengthen relationships with existing ones.

As organizations faced difficult choices about how to move forward many became more adaptable. Contingency planning, comprehensive fiscal strategies and collaboration with other organizations were key in determining whether an organization survived the recession. According to the Listening Post Project, the organizations that pursued only “fundraising and belt-tightening strategies” were likely to achieve “on par or slightly below” outcomes, while those organizations that implemented


51 Ibid.
more comprehensive “entrepreneurial” strategies were more likely to report financial success.52

Ensure Open and Frequent Communication

A number of surveys and advice documents have emphasized the need to strengthen institutional communications, both internal and external in times crisis. Staff, boards, and stakeholders should be fully aware of the challenges facing an organization and receive that information through official channels and not through the rumor mill. According to the Bridgespan Group, “leaders who have weathered past downturns find such transparency is one of the best ways to keep teams engaged and enthusiastic-focused on the needs of the people they are serving and not on the organization’s woes”. 53

3.4 Other Impacts of the Crisis

In addition to the impacts on individual organizations, the crisis is also altering other important aspects of the nonprofit sector in the U.S. During the economic bubble much of the energy of nonprofits was focused on private philanthropy, social enterprise, and business venturing but there are now major shifts in attitude as organizations are rethinking their relations with the [former] benefactors on their board and entrepreneurs seem to matter less. In the U.S. boards had generally stopped being about management or governance and had begun to focus almost entirely on fundraising, and on the “give or get” (the amount of funds a person had to contribute to an organization to secure a place on the board), but when the crisis hit relationships with board members changed dramatically, particularly if the board members were from the finance industry. One Executive Director of a prominent New York nonprofit with [former] blue-chip board membership commented at a workshop soon after the market collapsed: “I now hate my board members.”

Attitudes towards government are also shifting. The upheavals since 2008 appear to have heightened the sense that nonprofits should be pay-

ing more attention to their relationship with government. Before the crisis the focus was on relations with the private sector, but now more attention is being given to what government can provide and on government policies that impact constituencies. After years of ignoring government as simply a steady contractor, nonprofits are again focusing on what government can provide through stimulus funds and on government policy to help avoid a worse or next crash. The National Council on Nonprofits is urging nonprofit to again assert their “historic role as champions of the common good” by helping monitor government operations and ensuring accountability.54

Human resources concerns have also been impacted. The baby boomer activists who founded many organizations in the sector are reaching retirement and until 2008 the focus of much of the human resources discussions was generational change and leadership vacuums. The concern was that the sector could not successfully replace all the retiring leaders, but post-crisis the new concern appears to be how to get the older generation to retire now that they cannot afford to because much of their equity has disappeared.55 Also, some organizations have reported an increase in the number of highly skilled volunteers formerly employed in the private sector who want to use their unemployment time “doing good”, or they are hoping to use volunteering as a way of transitioning to the nonprofit sector.

4 Responding to the Fiscal Crisis in New York City

A good example of how the sector is responding to the crisis is the work being done in New York City. New York City has a population of 8 million (if it were a state, it would rank it as the 12th largest in the US), giving it the critical mass to create large-scale city-level initiatives. There are 42,000 registered nonprofits in New York City, 2,500 of which contract

with city government for the delivery of services. The decade before economic crisis was a boom time for nonprofits in New York (notwithstanding the impact of the September 11, 2001 terrorist attacks). The complex capital-generating processes of Wall St were increasingly being applied to nonprofits, and the years 2005-2008 were punctuated by multiple meetings and seminars discussing how best to increase social venture capital that would allow more nonprofits to “go to scale”. These sessions were usually lead by socially conscious titans of Wall St firms. Through their philanthropic activities, they had become the new heroes of the nonprofit sector, along with an emerging cadre of young social entrepreneurs who transitioned from business and law schools into poor neighborhoods to start social ventures, private and nonprofit, that leveraged their financial sector connections, most often through their former classmates and other alums of their alma maters. They claimed to apply new business models to solving social problems and eschewed many of the traditions of charity-based nonprofits, including low wages and mission-based community support, and instead seek to achieve social outcomes by operating with the financial discipline, innovation and determination of the private sector business. One of the signature mottos that emerged from that period is “you can do good, but still do well”. But that approaches has now been tempered and NY nonprofits are adjusting to the new realities.

The New York City administration led by Mayor Michael Bloomberg, instituted a number of programs in 2008-2009 to strengthen its relations with nonprofits, particularly those with city contracts. These programs, collectively referred to as the Mayor’s Nonprofit Initiative56, include:

- An online portal for assisting nonprofits.
- A Chief Services Officer to promote service to the community (like Michigan and California, press releases from the Mayor’s Office claim that the appointment is the first in the country!).
- A Nonprofit Contract Facilitator in the Mayor’s Office of Contracts Services, who is charged with improving the timeliness of city contracting, and working with agencies to provide training and technical assistance through a Capacity Building and Oversight project.

A Memorandum of Understanding with the nonprofit Human Services Council that guarantees Cost of Living Adjustments in city contracts.

- A Master Services Agreement to be used by key city agencies as a common contracting process.

- The Health and Human Services Accelerator, a new unit that will focus on increasing efficiency and transparency in the relationship between government and the 1,300 nonprofit providers that have contracts with 12 city human services agencies. This will include a “data vault” of the relevant documents required for contracting, such as boards of director lists, audits, signature approvals, insurance forms, and IRS reports.

The Mayor’s Office of Contract Services and the Fund for the City of New York offer bridge loans through the Returnable Grant Fund, so the City is not only the contractor but also in effect the guarantor during cash flow difficulties. Other city-sponsored fiscal programs to assist nonprofits in weathering the fiscal crisis through lines of credit and group purchasing.

These initiatives are coordinated through a series of working groups convened by the Office of the Deputy Mayor for Health and Human Services that include city agency and nonprofit representatives as well as academics, consultants and representatives from private philanthropy. As a result of these meetings a number of new initiatives have been started, including a new fiscal manual, to be developed by the Health and Human Services Accelerator and Mayor’s Office of Contract Services, which would ultimately establish common indirect cost rates for administration of human services programs. This manual can also be the vehicle for determining allowable costs under contracts and providing flexibility for services contractors. The City also intends to develop a uniform taxonomy to define the terms and elements of services across different programs, City departments, and provider agencies.

It should be noted that in New York City the relationship between city government and nonprofits is also marked by the fact that the City has a track record of creating its own nonprofits and the Mayor himself is a major philanthropist. The Mayor’s Fund to Advance New York City (formerly known as Public-Private Initiatives) is a city government sponsored nonprofit which facilitates innovative public-private partnerships. The Fund relies on private donors to support a wide range of social and cultural
public programs. The Mayor is the city’s richest man and its most generous philanthropist, giving over $40 million annually in grants through the Bloomberg Family Foundation and many millions more through other charities and foundations. The complex nature of the interplay between the Mayor’s roles as the City’s chief executive and its chief philanthropist became even more evident in March 2010 when he appointed Patricia Harris, the First Deputy Mayor in the city administration, as the chief executive and chairwoman of the Bloomberg Family Foundation, positions she would hold in conjunction with her city responsibilities.57

5 Conclusion

In late 2008, the New York University professor Paul Light predicted that 100,000 nonprofits in the U.S. would close as a result of the fiscal crisis.58 While it is impossible to confirm that his dire prediction was realized, there is no doubt that the fiscal crisis has had significant consequences on the nonprofit sector and some organizations may never recover. Trends in giving show an improvement from 2009 however, this has yet to translate financially for many organizations that are still suffering from the steep revenue declines of the previous year. According to the Nonprofit Finance Fund, “Nearly 90% of organizations expect 2010 to be as difficult or more difficult than 2009 and only 12% expect 2010 to be financially easier.”59 Various commentators anticipate that it may take up to a decade for the nonprofit sector to fully recover.60


Overall, the impact of the crisis has been deep and organizations have had to adopt a number of coping strategies to survive, forcing many to cut costs amid the growing need for their services. Organizations that implement contingency plans and devise comprehensive strategies to deal with the fiscal crisis will most likely outlast those that merely employ individual measures such as cost cutting and fundraising. But according to Cathryn Mattson of the Bridgespan Group, if leaders use the crisis as an opportunity to become “stronger,” they may be able to come out of it even “healthier and more sustainable as a result.”

The crisis has also served to recalibrate the relations between government and nonprofits. A shift in attitude in response to the financial crisis has served to reinforce a range of initiatives that favour more collaborative relations with government. There continue to be contradictory dynamics and there is pushback from those concerned about developing too close a relationship with government, but the general tendency is towards developing more interdependency and collaborative relations between the sectors.
