

ORGANIZATION SIZE AND FAILURE AMONG HEALTH MAINTENANCE ORGANIZATIONS

Abstract

We extend the organizational ecology literature by examining the relationship between organization size and failure. Contrary to the typical monotonically declining relationship between organization size and failure rates found in ecology research, we show that this relationship varies by type of organization. Using data from censuses of Health Maintenance Organizations in the United States, we find that the relationship assumes an inverted U-shape for one type of HMO and a monotonically declining shape for another type of HMO. These relationships result from differences between the two types of HMOs in level of commitment to the organization and to the "liability of the middle."

Full citation:

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