

# **NGO and Business Collaborations in Rural Sales Programmes in Bangladesh:**

## **Disputing the Commercial- Social Paradox**

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### **Introduction**

In recent years, non-governmental organizations (NGOs) and business collaborations (NBC) have received considerable attention from both academics and practitioners (Kolk & Lenfant, 2012; Shumate, Hsieh, & O'Connor, 2018). Such collaborations fostered by the convergence of political, economic, and social pressures are considered as a powerful means of addressing a range of social and environmental problems (Austin, 2000) and creating economic benefits for both parties (Austin & Seitanidi, 2012; Kramer & Porter, 2011; Omar, Leach, & March).

The focus in much of this NBC literature rests upon a relatively restricted interpretation of both businesses and NGOs and their perceived underlying rationales for engaging in these forms of collaboration. Motivations for cross-sectoral partnerships lie in the assumption that NGOs have one primary objective, namely social or environmental improvements. While businesses seek to align themselves with NGOs for reputational benefit and to gain access to more 'ethical' markets and consumers through perceived CSR commitments (see Heap, 2000; Jamali & Keshishian, 2009). Commercial and social demands reflect contradictory organizational goals, which has been characterised as a 'commercial–social paradox' (Sharma & Bansal, 2017, p. 342). Other scholars also caution against the fundamental differences between partners, rooted in their divergent goals, structure, skills and processes (see Macdonald & Chrisp, 2005; Rondinelli & London, 2003). It is argued that such inherent fragilities and incompatibilities can predispose cross-sectoral partnerships to distrust, conflict, and premature failure (Le Ber & Branzei, 2010). However, Heap (2000) argues that the cross fertilization of each other's language, methods and approaches is increasingly blurring the sectoral boundaries.

While much of this literature has focused upon the evolution of NBCs within western contexts, few studies have examined how such interactions play out within different locations, in particular within developing countries. While it is presumed that the underlying motivations and fundamental paradoxes will be similar, few studies have actually examined this in any depth. Therefore, there is little empirical research on the alliances between businesses and NGOs in developing countries (Austin, 2000; Omar et al., 2014).

This paper addresses this gap by examining NBCs in Bangladesh. In doing so it highlights the role of multiparty collaborations. It integrates theoretical insights from both NBC (Austin & Seitanidi, 2012; Sharma & Bansal, 2017) and social enterprise (Huybrechts, Nicholls, & Edinger, 2017) literature in order to understand how NGOs and businesses in Bangladesh confront the assumed 'inherent incompatibilities' for collaborating with multiple partners and what motivates them to form these cross-sectoral partnerships. The study examined rural sales programs in Bangladesh and carried out qualitative research with two NGOs and their business partners.

By building upon NBC and social enterprise literature, this research demonstrates how NGOs in Bangladesh undertake collaborations with multiple business partners and seek to negate tensions between commercial and social value. It questions the application of western assumptions that NGOs prioritise long term development principles over profit (De Bakker & Den Hond, 2017; Lewis, 1998) and demonstrates how both local and international NGOs have adapted to multiple business collaborations as an alternative source of revenue, when confronted with a decline in traditional funding. The growing trend of collaborating with multiple partners, challenges the proposition of O'Connor and Shumate (2014) who suggest

that organizations are less likely to develop an alliance with partners who have collaborations with another organization in their industry.

### **The evolution and challenges of creating NBCs**

A growing number of local and multinational companies are seeking to collaborate with NGOs. An NBC is defined as a discretionary agreement between the sectors to “address social or environmental issues and to produce specific organizational benefits for both partners” (Omar et al., 2014, pp. 658-659). Such partnerships aid both NGOs and businesses to obtain access to resources and capitalise on the strengths of both parties (Jamali & Keshishian, 2009). In this paper, the terms NBC, partnerships and collaborations are used interchangeably to refer to cross-sectoral alliances between businesses and non-government organizations including local and international NGOs.

Proponents of NBC, argue that cross-sectoral collaborations provide an opportunity for capitalising on the strengths and peculiarities of both actors in pursuit of common objectives (Jamali & Keshishian, 2009; Jamali, Yianni, & Abdallah, 2011; Mirońska & Zaborek, 2019). Research identifies a range of motivations for collaboration For businesses motivations are identified based upon improved reputation (Mirońska and Zaborek, 2019), increased legitimacy (Jamali et al., 2011) and opportunities to implement CSR (Jamali and Keshishian, 2009). As a consequence these collaborations allow businesses to deliver economic benefits whilst simultaneously being seen to contribute toward addressing social problems (Omar et al., 2014). As businesses seek competitive advantage through these relationships, organizations are less likely to partner with NGOs that have partnerships with another organization within the industry (O’Connor and Shumate, 2014). NGOs, by contrast, are identified as prioritising the acquisition of resources (Mirońska and Zaborek, 2019) and the prospect of enhancing their

position within the NGO sector (O'Connor and Shumate, 2014) through collaboration. For many, NGOs face significant challenges in engaging in collaborations as this process creates threats to their core principles, endangers their legitimacy, and challenges their reputational and social goals (Herlin, 2015; Mirońska and Zaborek, 2019).

The discussion and debates within much of the work outlined above rests upon a relatively restricted interpretation of both businesses and NGOs and their perceived underlying rationales for engaging in different forms of collaboration. As highlighted, much of the work focuses upon a presumption that NGOs have one primary objective, namely social or environmental improvement. Similarly, the primary motivation for businesses to engage rests upon their desire to align with NGOs in order to gain reputational benefit or access to more 'ethical' markets and consumers through perceived CSR commitments. Hence the potential 'win-win' for these types of NBC focuses upon NGOs gaining increased financial support to achieve their social goals and a reputational gain for business.

As NGOs and businesses are identified as having contradictory organizational goals, structure, skills and processes, these distinctions have often been linked to conflict and early failure within NBCs. Given the incompatibilities and fragilities, some scholars are cautious about the efficacy of NBC and argue that NBC is no panacea, sometimes failing to create value or address social problems, and actually resulting in new problems being created (Bryson, Crosby, & Stone, 2006). Many theorists argue that the underlying challenge for NBC is that they are trying to create social and economic benefits simultaneously as Sharma and Bansal state "businesses want social impact, but need to meet their commercial demands; NGOs need financial support, but have social ambitions" (2017, p. 342). The paradox of meeting both social and economic demands is seen by many as at the root of the challenges facing the effective development of NBCs.

## **Social Enterprises as a new model of hybrid organisation**

Social Enterprise (SE) literature has challenged some of the underlying premises contained within much of the NBC literature. SEs have been identified as a form of ideal type 'hybrid' organisation capable of housing multiple institutional logics coexisting in relative balance (Battilana et al. 2015; Dees 1996; McMullen and Warnick 2015; Pache and Santos 2013). Doherty et al. (2014, p.418) define hybrid organizational forms as "structures and practices that allow the coexistence of values and artefacts from two or more categories". Hybrid organizations, in the case of social enterprises, operate in multiple functional domains (Ruef, 2000), and blur the boundary between NGOs and businesses, and their distinct sectoral paradigms, logics and value systems (Wilson & Post, 2013). Because SEs seek to develop a commercial objective alongside the social goal they are already accommodating a level of balance between competing pressures, so theoretically have greater capacity and flexibility for developing collaborations. Battilana and Dorado (2010) for example, demonstrate how social enterprises integrate paradoxical elements by hiring employees with non-social and non-business background who are more receptive to an integrated mission.

However, work in the social enterprise field acknowledges that literature specifically addressing collaborations between social enterprises and mainstream businesses is still scarce (Di Domenico, Tracey, and Haugh 2009; Huybrechts and Nicholls 2013; Nicholls and Huybrechts 2016). As a consequence, much of it has referred back to the NBC literature and frameworks discussed earlier. Inevitably they then revisit the mission paradox arguments outlined above. Hence they discuss the tension between the business venture and the social mission (Ebrahim et al., 2014; Jay, 2013; Smith et al., 2013) and identify SEs as caught between the competing demands of market logic and social welfare (Pache & Santos, 2013).

Some work is however, seeking to move beyond this simplistic paradoxical model. In doing so it adds some important new insights by opening up ‘the black box’ of social mission’ (Huybrecht et al. 2017). Huybrecht et al work from a presumption that social enterprises have different interpretations of how to achieve their social mission, often based around the context within which they function and the opportunities surrounding them. The strategy they undertake in shaping their collaborations will inevitably be influenced by their vision of how best to achieve their social objectives. As a consequence groups within the same field may undertake different collaborative strategies. In their work on fair trade SEs Huybrecht et al identify three quite distinct approaches; sector solidarity (working with other similar SEs to build the sector), selective engagement (identify limited number of partners that share or reflect the core values and mission), and active appropriation (trying to graft the social mission on to as many organisations as possible with little concern for underlying commitment to values). This last approach marks quite a departure from established views of strategies to embed the social mission as:

*The idea here was to graft the social mission of fair trade onto the highest number –and broadest variety– of market interactions so as to diffuse it among as many businesses as possible, regardless of whether the latter were also engaging in potentially ‘unfair’ practices (Huybrecht et al 2017; 603).*

If, as Huybrecht et al suggest, different strategies can be utilised by different NGOs within a specific sector, this must also lead us to question to what extent different strategies are likely to be evident across NGOs in different countries and contexts. Can the context shape the way organisations design their interactions and define and create collaborations?

## **NGOs in Bangladesh**

Compared to other developing countries similar in territorial and demographic size, Bangladesh has one of the largest NGO sectors. It has a strong NGO sector with complex extensive national development networks (2494 local and international NGOs) (NGO Affairs Bureau, 2019). In Bangladesh, 63.37% of the total population reside in rural areas (The World Bank, 2018), over 90% of villages had at least one NGO (A. Fruttero & V. Gauri, 2005) and 35% of the entire population directly benefited from NGOs' activities (Thornton, Devine, Houtzager, & Wright, 2000).

In Bangladesh, NGOs first emerged soon after the war of liberation in 1971 (Zohir, 2004). After the 1971's civil war, Bangladesh was also afflicted by the disastrous cyclones of 1972 and a severe famine in 1974, which overwhelmed the capacities of the newly established government (Anna Fruttero & Varun Gauri, 2005; Rahman, 2006). To aid the government in rebuilding the country, northern NGOs and international donors funnelled resources through a number of local NGOs (Anna Fruttero & Varun Gauri, 2005). Systems of channelling development funding along with the inability of the state to provide sufficient services to a growing population set the stage for the rapid expansion of Bangladeshi NGOs (Devine, 2003; Edwards & Hulme, 1996). In recent years, however, northern NGOs have moved away from the donor-recipient model over the years and have sought to redefine their relationships with Bangladeshi NGOs through 'capacity building' (Lewis, 1998, p. 504).

Originally, Bangladeshi NGOs developed to provide humanitarian relief or build infrastructure (Rahman, 2006), which are very similar to wider NGO activities (e.g. supporting relief work in aid-recipient countries) (Lewis, 1998). With time, the functional domains of local NGOs extended into areas (such as the higher education and banking sector) where there are other

actors operating. For instance, BRAC-a local NGO- established its own university and bank partly as a new source of revenue. Rahman (2006) further argues that the focus of NGOs in Bangladesh has shifted to the service delivery paradigm (e.g. offering micro credit to poor people), abandoning many earlier activities such as community activism and social mobilisation.

Bangladesh is on course to graduating from the least-developed country bracket, suggesting that donor findings will move out from Bangladesh to those countries where the need is greater (The Daily Star, 2018). As the donor funds run out for local NGOs, these NGOs seek alternative sources of finance to carry out their development activities. It is observed that northern NGOs are also aiming to span their functional domains through partnering with multiple businesses in Bangladesh for creating alternative sources of revenue. For instance, CARE Bangladesh- a prominent northern NGO- is collaborating with different multinational and domestic companies such as Unilever, ACI, Danone, Bic, BATA shoes, Square Toiletries, and Lalteer Seeds to reach the low income rural household who do not have access to many socially beneficial goods (Dolan et al., 2012).

## **Methods**

This study employed the interpretive qualitative approach, to investigate complex relationships between businesses and NGOs and to take the many variables into consideration (see Lindgreen, Swaen, Harness, & Hoffmann, 2011). Specifically, we used a case study method with secondary data and multiple interviews to develop rich insights.

### *Case selection*

The study used homogeneous purposive sampling, selecting cases that have one characteristic in common - they engaged in NBCs. Two NGOs were selected (one local and one international NGO) with extensive experience of partnering with multiple businesses in Bangladesh and of running rural sales programmes (RSPs). The first NGO is a subsidiary of an international NGO (NGO A), which recruited local women to sell a range of products to rural customers. Since its inception, 3000 rural women were given training on entrepreneurial and basic business skills. It aims to create a sustainable and scalable business model that offers economic empowerment to the rural Bangladeshi women. The second NGO is a social enterprise arm of a national NGO, which developed and launched the 'Infolady' model (NGO B). Similar to NGO X, this model's objective is to empower communities through recruiting and supporting women entrepreneurs. Both NGOs partnered with multiple businesses in their RSPs to reach low income (bottom of the pyramid) rural households. The RSPs distributed a range of consumer goods and services door-to-door across rural areas, through a network of female micro-entrepreneurs who are the members of NGOs. The study also conducted research with five businesses who engaged in NBCs with these NGOs. Here, we used the selection criteria followed by Jamali et al. (2011) and Sharma and Bansal (2017): a) an experience of forming cross-sectoral partnership and managing RSPs and b) an accessibility for interviews, which is very important for very high quality data collection.

#### *Data collection and analysis*

Multiple methods were used for data collection in order to increase the robustness of findings, offsets the weaknesses of any single data collection method and aid to triangulate (Lindgreen et al., 2011). For primary data, 14 semi-structured interviews were conducted with managers and employees responsible for NBCs in the NGOs (5 interviews) and their partner businesses (9 interviews). They were interviewed separately, but consecutively to obtain a rich

understanding of NBCs operation, the RSPs systems and the collaborative relationships that were created.

Each semi-structured interview lasted between 45 and 60 minutes. All interviews continued until no extra questions yielded additional insights (Strauss & Corbin, 1998). All interviews were conducted in English, recorded and transcribed; however, the researcher and interviewees used the native language (Bangla) intermittently during interviews and translated into English during transcription by the researcher - a native Bangla speaker (Welch & Piekkari, 2006). To complement primary data, additional information was gathered from the organisations' websites which were scanned for both explicit and implicit references to the NBCs.

We began the data analysis by following the work of Corley and Gioia (2004). The first round of analysis involved open coding; that is, categorizing the data (language used by the informants and information from the websites) into thematically relevant categories. Next, we engaged in axial coding, in which we searched relationships between and among these categories, and grouped these categories by similarities in order to form higher order themes. Finally, we gathered similar 2<sup>nd</sup> order themes into several overarching dimensions that reflect our emergent framework.

### *Trustworthiness*

We took several steps to ensure the trustworthiness of data. First, a third person randomly spot-checked the coding of the websites (see Muthuri & Gilbert, 2011). Second, All the interviews were conducted by the same researcher in order to reduce the potential bias (Strauss & Corbin, 1998). Third, analysis entailed the narratives provided by NGO and business managers, improving the reliability of the data (Sharma & Bansal, 2017). Lastly, we meticulously managed our both primary and secondary data, as they were collected, using NVivo (10) (Corley & Gioia, 2004).

## **Findings**

This paper focuses on two key themes which characterise how we can understand NBCs in Bangladesh. First, what motivates NGOs and businesses to engage in NBCs is examined and second, it discusses the findings around how NGOs reconcile the commercial-social paradox.

### **Context is everything; NGO Business Motivations for engaging in NBCS**

#### *Understanding what Motivates NGOs to Engage with Businesses in Bangladesh*

The commercial-social paradox that features heavily in analyses of NBCs is to some extent overstated based upon a misunderstanding of the operation of NGOs in Bangladeshi society. Foreign funding to the NGO sector has been declining, as Bangladesh transcends to middle-income country status. This shrinking of development budgets posed serious challenges for NGOs and many turned to NBCs as a way of generating vital income while simultaneously delivering socio-economic development. Partnering with businesses provides this avenue

*The Bangladesh government recently announced that Bangladesh is going to become a lower middle-income country soon. When that happens, there won't be any donor funding ... If you look at the North of Bangladesh, you can see the development in the infrastructure and people's capacity [...] This is why, we went through a business reform. NGO [name] has three social businesses in Bangladesh. (Suk\_NGO 1)*

*In the areas in which we work (with businesses), we are working in demand creation, so once demand is there, there is a market, so why don't we operate in that market because we have the know-how and market insight. If we work there, the revenue that will be generated, that can replace the current resources. For instance, if the donor money stops, dividends from those companies will help us survive. (Rai\_NGO 2)*

A CEO of an NGO further highlighted how the preferences of donor funding has been changing and how that change affected the existing socio-economic development projects undertaken by NGOs.

*The donor priority will change; for example, they will provide more funds for climate change or issues like such. So, funding will dry up in the area e.g. health where we work. This is one of the key reason for starting money-making venture, but one things we've always tried to make sure is that our operations are always socially impactful*  
**(Rai\_NGO 2)**

Foreseeing the curb in donor funding, government also encourages NGOs to explore different profit driven business activities. This is reiterated by a former director general of the NGO Affairs Bureau under the Office of the Prime Minister who stated:

*NGOs are now questioning their financial sustainability instead of viability. They are getting into business activities, so they can earn money so that they don't have to dependent on donor money or grant money or money from PKSF (Palli Karma-Sahayak Foundation) for which they have to pay interest; they have to move towards their own income generation. So, they have to become more business oriented.*  
**(Sal\_NGO Affairs Bureau)**

The rural sales distribution channel resulted from NBC not only provides financial freedom to NGOs but also presents an opportunity to continue their social economic development projects in areas such as health and women's empowerment where donor funds are shrinking.

#### *What motivates Businesses to collaborate in Bangladesh*

The motives of businesses for partnering with NGOs were also explored in this research and stemmed in most of the cases from business orientations. The most commonly cited motives included developing market/ increasing market coverage and improving sell. The extensive rural network of NGOs offers an access to the market in which businesses are not able to reach

with their traditional distribution channel as explained by an NGO consultant and a manager from a local business:

*NGOs declare them as members right down to the root level and they are the only organisations which can reach the homes of the people, they can reach the people personally. And as they can do that, it is possible for them to sell any product and they have a certain control over the market. And it's not only the market, the lowest division of the market are the individuals, the consumers. So, they can reach the consumers very easily. This is why everyone is thinking about this alternative distribution channel. (Consult\_Bus)*

*NBC is about market development as well. For example, people in Bangladesh didn't know about using shampoo. Bangladesh was the first country to introduce mini shampoo packs and so people learned about the use of shampoo through that. So, to develop markets, you need to find an unexplored market area or opportunity, like places like islands where there's no cable television or easy means of transport. If you begin creating a market there, then in 10 years' time you'll have an upper hand on your competitors. (SMI\_Bus 4)*

By using NGOs' rural network, most businesses with the exception of **Bus 5** tended to extend their distribution coverage, increasing their market share, profit and sales; as stated by an NGO manager and a business manager who previously worked for an NGO

*Most of the companies want to maximise their sales through their alternative distribution (Suk\_NGO 1).*

*Commercial organisations may care about macro impact but are more interested in micro impacts, like their immediate profits (TQ\_Bus 2)*

By contrast, the motives of Bus\_5 were rooted in the desire of producing social benefits that can empower rural women. The altruistic motives of top management and owners pushed their businesses to pursue social benefits while collaborating with NGOs; as mentioned by the NGO and business

*Our main objective is not increasing sales but to empower the women, we are not concerned about profit here [...] The main reason behind this is that the owner of the company, 'T', his daughter liked this project here in Bangladesh, that's why we're focusing on this a lot, it's not a question of sales. (FZ\_Bus 5)*

*Bus\_5 is more concerned with how the "aparajita" are being benefited, more concerned with what percentage of sales are done by women. (Suk\_NGO 1)*

Although business interests are prioritised, most business managers recognised the prospect of rural distribution in creating both social and business benefits. Whilst maximising business benefits, such partnerships also create job opportunities for women, potentially empower women and uplift their social status, as explained by a manager of local business:

*For the “retainer aparajita”, those who are working for more than months, this (selling products) has a huge effect on their lives as most of their husbands do agricultural work. Their family income is not so high but as the women have an income now and as they get commission, their family income nearly doubles. Plus, women in village are given less importance. But as these women are moving all over the village, They learn a lot of things working as “aparajita” which they advise around town. So, their importance in the social structure of the villages gets better. (RS\_Bus 3)*

#### *Collaborating with multiple partners*

This research found that both NGOs and businesses collaborated with multiple partners. For instance, NGO 1 partnered with Bus\_1, Bus\_3 and Bus\_4, which competed against each other for market share. When asked about the potential conflicts that may arise from this multi-modality partnership, the business and NGO managers did not see this as problematic and highlighted the strategy adopted by both parties. Non-exclusive partnership agreement allowed them to collaborate with multiple partners, prioritising partners based on their business interests. For instance, NGOs used non-exclusive partnerships as a lever to increase their commission and their members i.e. Kallyanis<sup>1</sup> and Aparajitas<sup>2</sup>

*If you talk of their regular channel distributors, they’re working as distributors for four or five companies at the same time. Even though we are partners, our morality is of distributorship, a non-exclusive mentality. (F\_NGO\_2)*

*It’s not a problem for us because we charge a commission. I sell products of the companies who give me higher commission. (Suk\_NGO 1)*

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<sup>1</sup> The titles given to women sellers by NGO 2

<sup>2</sup> The titles given to women sellers by NGO 1

Partnering with multiple businesses enables these NGOs to add a range of products to the basket and lessen the risk of displacement effect. Similarly, some businesses tend to collaborate with both NGO 1 and NGO 2 to reach their rural consumers. While selecting NGOs, business emphasized on NGO's rural coverage and their experiences in collaborations as key criteria.

## **Examining the Commercial Social Paradox**

### *Reconciling commercial and social paradoxes*

To tackle commercial-social paradoxes, NGOs use a strategy in which they separate and integrate paradoxical elements. The findings identify both ideological (values-based) and organisational (structural) mechanisms through which NGOs enable their engagement with businesses. First and foremost it reveals how the commercial-social paradox is to some extent overstated. NGOs in planning for NBCs centre their rationale for collaboration on areas of compatibility between the business drive for profit and the social objective that the NGO perceives the NBC to meet. The below quote illustrates this process.

*The benefit of the NGO is here in that when there is a market need, you identify the interest of the corporate and then convert that into your interest. For example, my interest is in women empowerment. For women empowerment, you need to create employment opportunities and the private sector has the resource to create employment opportunities. (S\_NGO 1)*

Further we found evidence of personnel moving between the two sectors, resulting in transferability of tacit knowledge and an emerging compatibility of values across those who work on NBCs. NGOs had begun to employ more graduates with business degrees:

*Most people working at [NGO B] come from the corporate sector and while we were at Y, those who ran the organization, their careers and everything was around the not-for-profit idea. So their mind-set is also a big reason, according to me. This is why I came from management to the for-profit sector, thinking of Mr Rai. (F\_NGO 2)*

We found the same crossing over of staff within businesses. A local business manager (**TQ\_Bus 2**) who had previously worked in NGO B was now responsible for developing and managing relationships with NGOs. As mentioned by an Ex-CEO of an NGO:

*If we talk of large corporates like Unilever, Danone and Walmart, these companies are progressive. NGO-business partnership model began in 2004 and large corporates like Unilever, GAP, Walmart realised around 2006 that they needed to work with NGOs because that's the only way they can reach the bottom of the pyramid and understand their language. So, they began taking a lot of internal initiatives to get rid of this cultural barrier. For example, they created internal competition, they identified internal leaders who want to work with development people. (S\_NGO 1)*

Knowledge transfer across NGOs and businesses through recruiting staff from across the sectors, reduce the ideological divisions between them, facilitate the development of compatible expectations and thus reduces the commercial-social paradox.

Second the commercial-social paradox is resolved by NGOs adapting their organisational structures to allow them to enter more freely into NBCs. The prime example of this is their separation of the NGOs arm that enters into profit seeking ventures through the setting up of not-for-profit, commercial trading sections of their organisations. Businesses and NGO participants discussed the regulatory and governance level barriers that pose obstacles to entering into NBCs. These include; legal requirements such as compliance with regulations, paperwork and donors wishing to restrict NGOs' engagement in profit driven activities. As one NGO manager explained:

*NGOs motive is not to make profit, they won't work for profit, when you work under that umbrella for profit, then arises a problem in the name itself and the motive. Plus, for not-for-profit organizations, you have to work by conforming policies placed by institutions and complying with the requirements and demands of donors (F\_NGO 2).*

Businesses also discussed how paperwork posed a significant barrier to them working with NGOs:

*There's only one problem working with NGOs; the high documentation if I am funding them. (R\_Bus 1)*

Creating a separate business unit aids both national and international NGOs to enhance their proximity with businesses, and minimise the paperwork required by donors or other institutions. By institutionalising a new business unit, NGOs seek to yield both social and business benefits, which improve the compatibility between businesses and NGOs; as pointed out by a manager from a local business:

*NGO\_1 is a for-profit social business, and as far as I know they're a concern of X (an international NGO), beginning their operation in 2010 [...] So, the motivation of NGOs and motivations of for-profit social businesses are different. If NGO\_1 ran completely like an NGO then maybe we would've faced conflicts of interest but right now, both entities are concerned with profit maximisation. (RS\_Bus 3)*

#### *Integrating the Commercial-Social Paradox from an NGO Perspective*

NGOs rationalise their engagement in NBCs by utilising the common ground between business motivations for profit and NGOs objectives around development. One clear area where this congruence seems to exist is women's empowerment and local development where the NGOs in our study described how they sought to achieve their development aims through the creation of commercial opportunities. NGO participants explained how rural women, who are from marginalised communities and have limited access to economic activities, are recruited for their NBC distribution channel. One interviewee explained how selling products or services generates income for rural women,

*For instance, take a woman from the village who previously did nothing, she used to be a burden for her family, meaning that she was unemployed. ... she make around 3500 taka a month net profit which is a big deal. We are bringing an unemployed group into the regular workforce. This is our biggest area of impact. (Suk\_NGO 1)*

The goods and services provided by the RSPs are typically purchased by rural people especially women and children and provide access to goods which they would otherwise have to depend on other people such as their husbands to purchase.

*If we talk about Bus 1 or Bus 3, their sanitary napkins or their health and hygiene products like shampoos, what we see is that they cannot take these products directly to their homes. So, the BOP customers, as our main focus is on women, children and the youth, a large portion of them are not being able to come to the markets. They are staying at home and are only using the products the earners of the family are bringing home. Actually what we are doing is, we are allowing the women and the youth to choose the products and services they want. (F\_NGO 2)*

Importantly, some of the products (e.g. a fortified yogurt for the poor children) and services (e.g. health service to the rural women) sold and promoted by RSPs have significant social impacts.

*In the villages, there are many females who became pregnant, but these pregnant women do not get proper access to doctors. Intel was thinking about how they could help the technology and help those rural people. They finally have been able to address the issue technology-wise, a small device like a mobile phone which is now given to all these rural health assistants, women mostly, and these women are earning through these devices. (Han\_aca)*

NGOs further claim that they promote women who aspire to pursue entrepreneurial paths. Data from websites show that NGO 2 created 100 plus women entrepreneurs in four different pilot phases; whereas, NGO 1 had over 400 entrepreneurs.

*A big achievement of our business is that now women contribute to around 60% of their family's decision making. (Suk\_NGO 1)*

## **Discussion**

This research has examined NGOs' collaborations with multiple businesses, shedding light on their motivations. The NBCs examined in this study demonstrated how both parties tend to capitalize on a set of complementary resources offered through NBCs, namely businesses seek

to reach the rural market and increase sell through the rural network of NGOs, and NGOs aim to build an alternate funding source through NBCs while also fulfilling their social commitment.

For NGOs, shrinking donor funds push them to collaborate with businesses in which they seek to balance between economic needs and social expectations and create a sustainable operation. Associational value in the form of building an alternate source of revenue is accruing to the NGOs. Additionally, RSP offers a wide range of social benefits e.g. creating entrepreneurs, delivering health services to rural people, creating jobs for rural women, and offering socially beneficial products to the rural people. RSP seeks to provide an opportunity to improve the circumstances of individual women, who are customarily denied to exercise their agency (Dolan et al., 2012).

While evaluating the partnerships that had materialized in the Bangladesh context, we have found that both NGOs use non-exclusive partnership agreements to collaborate with multiple businesses, at times, with competing companies. This finding is not consistent with the proposition of O'Connor and Shumate (2014) who suggest that businesses are less likely collaborate with NGOs, which have existing relationships with another business in their industry. However, this finding collaborates with the findings of Huybrechts et al. (2017) who reveal that social enterprises by adopting an active appropriation strategy can collaborate with multiple competing businesses and offer a tool to contribute to social development. To collaborate with multiple businesses and tackle the commercial-social paradoxes, NGOs use the strategies of separating (e.g. distancing their RSP programme from their orthodox operation by creating a new venture named as a social enterprise (NGO\_2) and social business (NGO\_1)) and reconciling and integrating paradoxical elements. (such as recruiting business background graduates). Creating such hybrid organizations through structural and operational changes will bridge the gap between NGOs and businesses, linking interests and synchronising

organizational fit. Moreover, partnering with competing businesses enables NGOs to bargain for higher commissions for Kallyanis and Aparajitas. When Kallyanis and Aparajitas offer a range products from multiple companies, it increase their sales volume and incomes (McKague & Tinsley, 2012). Recruiting employees from the NGO sector enables businesses to gain access to new knowledge and increase their proximity to NGOs.

By examining NGOs alliances with multiple business partners in the Bangladesh context, we noticed that partnerships lacked depth and breadth and characterised more as instrumental and transactional rather than transformational. Businesses and NGOs acknowledged differences in expectations and showed a tendency to focus on their own interests. Probing further into this finding through discussions with the business and NGO partners, we noted that acquiring resources and creating commercial benefits are the central in explaining the current minimalist forms of relationships. Prioritizing own interests can prevent these relationships from evolving beyond the transaction stage, developing deeper relationships and greater trust, and creating sustainable social benefits. Intentions of fulfilling self-interests were reflected on businesses' commitment to partnerships e.g. limited investments of resources.

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