

# Understanding Pakistan's Non-profit Sector: Issues of Organisational Identity in TVOs and NGOs

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## ABSTRACT

Pakistan's non-profit sector has traditionally been divided in three segments namely, traditional voluntary organisations (TVOs), non-governmental organisations (NGO), and faith based organisations (FBOs). These organisations are typically identified based on their preference of funding sources and causes. The literature falls short of suggesting the reasons for such differences in identities and how these identities have emerged. This research explores the non-profit sector of Pakistan from the lens of organisational identity and asks how TVOs and NGOs construct their identity as non-profits, as well as how their identity affects, and is affected by, their preference of funding sources and income generation.

Interpretive methodology was used to build four distinctive case studies of TVOs and NGOs. Findings from this study suggest that non-profits' identity was established based on their funding choice in the earlier years which in turn was affected by their founders' influential backgrounds. Reliance on local donors and donations was a central attribute in defining TVOs identity, while reliance on foreign funding projects was a central element of NGOs identity. These identities then influenced future funding decisions and preferences. The TVOs were named family non-profit due to hefty dependence on circle of family and friends to fund and run the organisation. The TVOs were found to have successful income generation ventures that could assimilate them to social enterprises, however they were reluctant to identify as such. NGOs failure at income generation was dominantly caused by international donors' lack of support for such projects. Based on the findings of this research, a framework for understanding the hybrid nature of non-profit organisational identity is proposed. The model identifies the factors that play a significant role in the emergence of these identities and that may create conflict among them.

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## **1 CHAPTER 1: INTRODUCTION**

The activities and influence of non-profit sector has grown exponentially around the world in the past few decades making it a major contributor in development of economies and societies (Salamon, 2015, Casey, 2016). Non-profit sector's expenses exceed \$1.9 trillion globally, providing 48.4 million fulltime jobs involving 4.6% of the economically active population. If the global non-profit sector were an economy, its expenditure would have made it the fifth largest economy of the world (Salamon and Ancheier, 1996). In America alone, non-profit sector employs nearly 11.4 million paid workers representing 10% of the labour force of the country (Salamon, 2015). Despite confusion in defining the non-profit sector and the divergent views of different actors, one cannot deny its importance in the contemporary world. As Werther and Berman (2001) noted that non-profits often work where inadequate political will to address issues or provide services becomes manifest, by trying to provide additional support to communities in areas of deficiency. Casey (2016) confirmed that in the past few decades non-profits have become central to policy making, the promotion of civic action, and the delivery of new quasi-public services. In recent years the government has started partnering with the non-profit sector to help implement public policy, thereby suggesting that the role of the non-profit sector has assumed greater importance in the attainment of social goals (Weisbrod, 2009).

Notwithstanding the importance of the sector, literature on the non-profit sector is limited in comparison with public and the private sector. Within the existing literature on this sector, the focus has been on volunteer management, fundraising, and social causes (Angele'-Halgand et al., 2010). This is a cause for concern given that the last decade has seen exponential growth in activity and influence of the sector around the world (Casey, 2016), thereby meriting a closer look at key issues related to it. The importance of the sector in developing countries such as Pakistan is absolutely critical. The government's failed economics policies and the recurrence of military takeovers have proven to be

disastrous for many areas of Pakistan. These are breaches, which have prompted non-profits to step in and take over the work of economic development from the government. The impact of work of some of these NGOs has been far greater than that created by the government in select areas of Pakistan (Campos et al., 2004). So the importance of the sector in Pakistan is not just limited to serving a social cause, rather the sector goes beyond this remit and makes significant contributions to economic development.

In view of the absence of a commonly accepted definition of a non-profit organisation, it has been defined by its legal classification (Pryor, 1994, Salamon and Anheier, 1997, James and Rose-Ackerman, 2013), the labour it uses (volunteers) (Tidwell, 2005, Mook et al., 2014, Worth, 2014) and its funding sources (Sanders and McClellan, 2012, Werther and Berman, 2001, Salamon and Anheier, 1997, Foster and Bradach, 2005, Sanders and McClellan, 2014). Though, such definitional imprecision is misleading given that the non-profit sector has tremendous diversity (Salamon and Sokolowski, 2016) and survives by obtaining and spending funding, and/or by ensuring self-sustainability through income generation ventures (Angele'-Halgand et al., 2010, Salamon and Anheier, 1997). The non-profit organisations have been seen as brokers between givers and beneficiaries by donors (Butler and Wilson, 2015) and implementers and distributor of funds by donor agencies (Prakash and Gugerty, 2010). The difficulty in defining the sector thickens with presence of hybrid organisations and fuzzy boundaries between different sectors (Brandsen et al., 2005). The fuzzy boundaries are often caused due to non-profits venturing into income generation, businesses venturing into social causes, and government partnering with private and non-profit sector to deliver services (Billis, 2010b, Bromley and Meyer, 2014). Profit making and businesses have traditionally been associated with private sector but non-profits are now venturing into income generation ventures. The idea is to create a funding source which can provide a certain and guaranteed form of income (Foster and Bradach, 2005) or to serve the social purpose in form of social enterprises (Salamon and Sokolowski, 2016). The presence of these hybrid organisations

have made it difficult to find ideal type state, private, and non-profit organisations (Billis, 2010b). Although the blurring lines between sectors has been referred as a healthy period of experimentation (Dees and Anderson, 2003), it has also led to creating issues organisational identity.

The organisational identity defines central, enduring and distinctive attributes of an organisation (Albert and Whetten, 1985). The question of identity is particularly important for non-profit organisations since their identity is grounded in social cause (Lee and Bourne, 2017). The issues of identity in the sector are often caused by ownership (Lee and Bourne, 2017, Young, 2001b) and non-profits adopting business practices (Young, 2001a). Non-profits have also been identified as caring organisations (Brandsen et al., 2005), social enterprise (Wang et al., 2016), and non-governmental organisations (AbouAssi, 2013), often leading to issues of multiple, at times conflicting, identities.

Pakistan's non-profit sector presents an interesting case of organisational identity. Majority of the Pakistani population lacks access to basic facilities, whose situation is exacerbated by the failure of the government's economic policies. Against this backdrop, a number of non-profits have stepped in and taken over the work of economic development from the government. These non-profits are identified based on their funding sources and served causes and are divided into three different categories, namely FBOs, NGOs, and TVOs (Bano, 2008a, Iqbal, 2006, Jamal and Baldwin, 2017). The faith based non-profit organisations (FBOs), which are commonly known as '*Madaris*' in Pakistan; provide free schooling (religious education), food, and shelter to impoverished children. Comprising 30% of the non-profit sector of Pakistan, these *Madaris* are funded by local donations, largely taken in form of Islamic tax or Zakat (Bano and Nair, 2007). In contrast, the NGOs, which are dedicated to the promotion of social causes typically related to basic human rights (Bano, 2008a, Jamal and Baldwin, 2017), are known to rely on foreign funding and development aid. On the other hand, the traditional voluntary organisation (TVO), also known as local organisations working in the fields of health and education, rely

on local donations (Bano, 2008c, Jafar, 2011a, Iqbal, 2006). Clearly, the organisational identity of non-profits in Pakistan is based on funding sources and served causes.

The growth of the Pakistan's non-profit sector has been significantly influenced by the geo-political situation of the country. The Afghan war and the incident of 9/11 gave rise to a notable flow of funds for the non-profit organisations (Ghaus-Pasha et al., 2002, Qureshi, 2015, Shah, 2014). This consequently led to the creation of secular NGOs, generated conflict with religious non-profit organisations, and perpetuated a negative image of NGOs in general (Bano, 2008c, Bano, 2008a). The sector also has different funding sources as compared to other countries. For instance, in America, the government is providing one third of the non-profit revenues (Brooks, 2004, Salamon, 2015) and in India government is contributing as much as 36% of the non-profit revenues (PRIA, 2003). However, the government in Pakistan has extended little funding support to the sector, with contributions, including bilateral and multi-lateral foreign aid, holding steady at barely 6% (Pasha and Pasha, 2002). With negligible support from government, it is not surprising that the sector is surviving on income generation (51%) and private giving (38%) (Ghaus-Pasha et al., 2002). However there are clear differences in organisational preferences for funding as NGOs choose to survive on foreign donors (Bhattacharya, 2014), whereas TVOs rely on local donors (Bano, 2008c). The pronounced difference in funding base and causes has created a divide in the sector, although the reasons for this divide have largely been overlooked in the literature. It is also noteworthy that many of these organisations also have an alternate funding source known as income generation ventures, which is created to establish an alternate and sustainable funding base, which does raise the question as to whether non-profits in Pakistan are operating as social enterprise. However thus it has not been documented how these ventures work and the types of organisations in which they exist.

The absence of research on organisational identity of non-profits in Pakistan, based on funding preferences and presence of income generation ventures, shows that the sector is not well understood

and that the non-profit organisations are not well defined. Unfortunately due to security concerns, the faith based organisations could not be included in this research. Hence, the main focus of this research is confined to exploring how TVOs and NGOs construct their identity as non-profit, role of funding preference and income generation in organisational identity and vice versa. These research questions will be answered considering contextual factors such as the geo-political situation of the country, lack of government support, negative image of NGOs and heavy dependence on development aid, TVO dependence on volunteers and local aid, and, undocumented income generation ventures. The aim of this study is to document all these and to understand the sector in the light of its contextual imperatives.

The structure of subsequent chapters is following,

CHAPTER 2: LITERATURE REVIEW	The literature review chapter starts by attempting to define the non-profit sector. Difficulty in defining the sector is explained in detail due to absence of commonly accepted definition around the globe. Sector bending and hybridity are also covered to explain the complexity of the sector. These issues are then explained from organisational identity perspective. The chapter then describes the evolution and growth of the non-profit sector around the world, this is followed by a discussion of Pakistan's non-profit sector and how it is divided into three different types of non-profits identified based on their funding sources and causes. The subsequent sections look at funding and income generation globally and in Pakistan, discussing social enterprises and consequent matters of identity for these organisations. The chapter concludes with identifying gaps in the literature, and outlining the research questions for the study.
CHAPTER 3: METHODOLOGY	The methodology chapter discusses the research paradigm including ontology, epistemology, and methodology. Interpretivism is discussed in connection with the research questions. The case study approach, used for this study, is then described in detail. The chapter also includes identification of the themes, around which the interview questions were designed. The data analysis section describes the common methods of qualitative data analysis (grounded theory and content analysis) and draws similarities and differences with case study data analysis method. A combined data analysis approach is developed to examine the data for this study. The chapter concludes with the profiles of the chosen organisations for data collection.
CHAPTER 4: DATA ANALYSIS AND FINDINGS OF THE TVO	This chapter provides an in-depth analysis of the TVOs. The two TVOs are analysed separately followed by a combined case study defining the traditional voluntary organisations in Pakistan. The combined case study presents interesting findings defining the TVOs as family non-profits, network of contact based funding, and presence of successful income generation ventures.

CHAPTER 5: DATA ANALYSIS NGOS	The analysis of two NGOs is completed separately leading to a combined case study presenting findings on how NGOs work and how they are different from TVOs. The absence of income generation ventures and its reasons are discussed in detail followed up by project based funding and perception issues.
CHAPTER 6: COMPARATIVE ANALYSIS TVOS VS. NGOS	This chapter is the heart of the research comparing TVOs and NGOs to define the sector better. Cross case analysis is used to draw similarities and differences between TVOs and NGOs. The chapter discusses how TVOs and NGOs build their identified as non-profits and how does the identity affects their decisions of funding and income generation. The chapter discusses reasons for emergence of dissimilar identities for TVOs and NGOs along with preferences of funding sources. The funding in the sector is discussed focusing on project and contact based funding, and, autonomy in decision making. This is followed by discussing the presence of income generation ventures in TVOs and their consequent identity of being a social enterprise. NGOs failure at income generation front due to the identity of being a donor funded non-profit and donors' role in that failure are also discussed in detail. A model of organisational identity is presented based on the findings of this research. The model discusses three facts of identity for hybrid non-profits and the factors which lead to emergence of possibly conflicting identities. The chapter concludes with discussing contributions and limitations of the study and recommendations for future research.
CHAPTER 7: CONCLUSION	The thesis is concluded describing the valuable contribution this study has made.

## 2 CHAPTER 2: LITERATURE REVIEW

The literature review of this study starts with defining the non-profit sector. It was important to understand how the definition of the sector changes with the context and also how different actors (government, donors, and beneficiaries) define non-profit sector. Defining the sector becomes complicated due to blurring lines between different sectors and presence of hybrid organisations, leading to issues of organisational identity for non-profit organisations. The literature review chapter then progresses with a discussion on the evolution and growth of non-profits around the world. Pakistan's non-profit sector is then discussed in detail explaining its emergence and growth which is largely influenced by geo political situation of the region. The ideological divide, that defines the non-profit sector in Pakistan and makes it a unique case, is explained to understand the dynamics of the sector. Since the study focuses on funding and income generation, social enterprises are discussed in detail as well. The chapter concludes with identifying the gaps in the literature and the research questions driving this study.

### 2.1 DEFINING THE NON-PROFIT SECTOR: ISSUES OF HYBRIDITY AND IDENTITY

Modern society may be understood as being comprised of two major, broad and complex institutions referred as the private and the public sector (Salamon and Ancheier, 1996). However, the growing dissatisfaction with the role of these sectors in social welfare and development has diverted our attention towards a third set of institution referred as the “*third sector*” or the “*non-profit sector*”. The contributions of the non-profit sector in social welfare and development globally are well-documented. According to Werther and Berman (2001, p, 3)

*“Nonprofit organisations (or “nonprofits”) fulfil a unique role in society. They differ from business in that they do not seek to maximize profits. Their aims follow from their mission to serve the public good; activities are not constrained or prioritize on the basis of their profit potential. Moreover, surplus are reinvested in the*



*organisation rather than distributed to corporate owners. Non-profits also differ from public organisations in that their activities are not subject to process of democratic governance”*

It can be inferred that unlike businesses, non-profit organisations engage in income generation ventures not for the sake of profits but as the means to generate income that can be reinvested in their welfare activities. The reason these organisations choose to have income generation activities is to reduce reliance on other sources of funding (Sanders and McClellan, 2012, Sanders and McClellan, 2014, Foster and Bradach, 2005). Notwithstanding the insightful delineation of the non-profit organisations by Werther and Berman (2001), there has been considerable confusion surrounding a clear and precise definition of the non-profit sector, and Salamon and Anheier (1997) offered two reasons for the lack of it. They noted that in the first instance such definitional ambiguity is attributable to the great diversity that exists within the sector, and in the second to the greater power of the other two sectors in the modern world. It has been reported that the sector has been referred as charitable, independent, voluntary, tax exempt, NGO, and non-profit sector, with each term presenting a somewhat skewed view of the sector (Salamon and Anheier, 1992). Salamon and Sokolowski (2016) suggested that there is at least agreement on three common attributes of non-profit organisations: unlike state they are private entities, unlike private firms they serve the common good, and finally participation in them involves some meaningful element of free choice. However the authors also suggested that these are abstract concepts and enormous difference exists beyond these three commonly agreed attributes.

It is also interesting to establish that how the non-profit organisations are seen by different actors such as individual donors, donor agencies, governments, managers, beneficiaries, and public. Butler and Wilson (2015) suggested that individual donors often donate due to altruism, a general desire to help people. These donors see charities as brokers playing the role of intermediary between the givers (donors) and receivers (beneficiaries). Donor agencies on the other hand see non-profits as

implementers and distributors of their funds in the third world countries. These donor agencies are often looking for non-profits which are certified by third party to confirm their reliability (Prakash and Gugerty, 2010). However the increasing reliance on international donors has also led to NGOs executing donors interest rather than common good (AbouAssi, 2013), which has also led to negative image (Bano, 2008b).

The internal actors, managers, see non-profits as a different entity, as compared to private and public sector, due to reliance on multiple sources of revenues and continuous trade off between the mission and acquisition of resources and strategy (Worth, 2014). Government, another important actor of the sector, sees non-profit in different facets as well. Mostly governments see non-profit organisations in light of the legal definition (Skelly and Steuerle, 1992, Hopkins, 2017) while in other cases they are considered partners to help towards service delivery and philanthropic activities (Sokolowski, 2013, Ghosh, 2009). The same was observed during the first afghan war when government of Pakistan worked with NGOs as partners to help with the refugee crisis (Baitenmann, 1990). However the government of Pakistan has also seen non-profits as a threat due to their involvement in social and political advocacy (Pasha and Pasha, 2002, Jafar, 2011b) and has a history of taking over non-profit shrines and trusts during the military dictatorship (Iqbal et al., 2004). As Jafar (2011, Pg:125) noted that *“NGOs in Pakistan have a complex relationship with the state”*. It is fascinating to see that the confusion of defining the sector even from a single actor’s point of view is quite complex, thus making it problematic to agree on a single definition.

Some researchers have recommended defining the non-profit sector through the legal classification as per the law of the country. For instance, Pryor (1994) and James and Rose-Ackerman (2013) suggested that non-profit organisations are those which cannot legally redistribute their profit amongst the owners. On the other hand Hopkins (1987) defined the non-profit organisations (in USA) as those which

qualify for exemption from the federal income tax under 26 different laws of IRS code. It is suggested that USA non-profit sector is most clearly defined in terms of legal boundaries, for the USA law not only recognises the non-profit organisations serving the public causes as charitable entities, which can receive donations and gifts but also exempts them from taxes. In the UK, however, the non-profit sector is referred to as the voluntary sector, but the legal boundaries are far more ambiguous as compared to the USA. Nevertheless, both the USA and the UK recognise the non-profit organisation as being a different entity from the government and the market. (Salamon and Anheier, 1997, Salamon, 2015).

Salamon and Anheier (1997) suggested that another way of defining the sector is through its source of income. The major source of income in the non-profit sector should come from the contributions and dues from its members and supporters, which distinguishes it from the private sector where the income is largely generated from the sale of goods and services. However, Salamon and Sokolowski (2004) have also noted that the non-profits in Pakistan rely heavily on fees accrued from selling goods and services representing 51% of all revenue sources.

Another way of defining the sector is through the supply of labours. A common perception about the sector is that most of the work in these organisations is carried out by volunteers (Salamon and Anheier, 1992). The value of volunteer contributions to the work of non-profits has been calculated as being the equivalent of [the contributions of] over 9 million fulltime employees at a value of \$225 billion (Tidwell, 2005). Yet it has been noted that in many organisations volunteers are now being replaced by paid employees (Mook et al., 2014). Worth (2014) also confirmed that while traditionally it was believed that non-profits are run by group of volunteers it is far from reality today.

The above mentioned literature has attempted to define this sector on the basis of its source of income, supply of labour, and its legal classifications. However, the income side considers only donations and pays little attention on government grants and sales of good. Similarly, the labour side focuses on

volunteers while failing to consider paid labour (Morris, 2000). The legal classification only considers non-profit in the context of the particular country wherein it is operating.

Another, and probably the most common, way of defining the sector is through the causes served by the non-profits. O'Neill (1989) defined non-profit organisations as private organisations serving a public purpose. James and Rose-Ackerman (2013) also defined these organisations as providing socially useful services. Similarly, McCarthy and Hodgkinson (1992) suggested that the sector engages in serving the underserved and neglected people of society by providing them services of advocacy. Worth (2014) took a different stance and suggested that cause can be a deceiving way of describing a non-profit as some organisations do not feel or look like non-profits, but indeed are, and some may feel like non-profit but are far more complex. Also, many organisations are now combining their social cause with their business operations. Brandsen et al. (2005) also noted that while one element that all non-profits share is that they are all, one way or other, involved in caring activities, but in reality it is hard to define what exactly “caring” means.

Salamon and Anheier (1996) researched 12 countries in search of a common definition of the non-profit sector and identified seven common key features in all countries. It was found that to qualify as a non-profit, an organisation had to be formal, private, non-profit distributing, self-governing, voluntary, non-religious and non-political. However, this frame of reference of defining a non-profit can be considered incomplete given that in some countries religious organisations are considered part of non-profit sector. For instance, Bano (2008c) highlighted that faith based organisations form 30% of the non-profit sector of Pakistan.

Another point of confusion is identified by Mendel (2010) who argued that definitional clarity over the sector is lost further when civil society and non-profit sector are equated, which means that the government and the private sector are also part of the non-profit sector. As O Connell (2000) has

explained that civil society is a combination not only of the actions of the members of a community including economic, political and social actors but also of the actions of governments and businesses. Thus referring to the non-profit sector as civil society is not correct. Zimmer and Freise (2006) provided the denouement to this debate by suggesting that the non-profit sector is a part of civil society focusing on service production function, whereas civil society as a whole deals with programmatic and future oriented potential of civic organisations.

Najam (1996) identified 48 different acronyms used around the world, observing that the two most common terms used to describe the sector include “*non-profit*” and “*nongovernmental*”. The author, with the help of several sources, generated the following composite profile of the three sectors (government, private and the non-profit),

Category	State Sector	Market Sector	Voluntary Association Sector	Source
<b>Social Model</b>	Political society	Market society	Civil society	(Najam, 1996)
<b>Primary Concerns</b>	Preserve social order	Produce goods and services	Actualize social vision	(Brown and Korten, 1991)
<b>Interest represented</b>	Dominant groups	Individuals	Marginalized groups	(Najam, 1996)
<b>Sources of finance</b>	Taxes	Sales revenue	Donations	(Weisbrod, 1998)
<b>Decision Makers</b>	Representatives, experts, administrators	Investors, producers, consumers	Leaders Members	(Esman and Uphoff, 1984)
<b>Guides of behaviour</b>	Regulations	Price Signals	Agreements	(Esman and Uphoff, 1984)
<b>Sanctions</b>	State authority	Financial loss	Social pressure	(Esman and Uphoff, 1984)
<b>Prototype</b>	Army	Corporation	Church	(Brown and Korten, 1991)

Table 1 Composite Profile of Three Sectors (Najam 1996)

The essential difference between the non-profit and the other two sectors lies in the categories of social model, primary concern, and interest represented. The sources of finance, although different, are somewhat misleading. As discussed earlier, many non-profits also engage in income generation activities

in addition to availing government grants, so the source of funding is not confined to donations alone. Similarly it is suggested that while the sanctions arise from social pressure the laws of a country define how a non-profit organisation can operate within the boundaries of a country. Ghaus-Pasha et al. (2002) pointed out that in Pakistan when a non-profit is registered under Trust Act 1882, it is allowed immense freedom in its operation including income generation and profit distribution. On the other hand, other registration laws for non-profits in Pakistan do not allow such flexibility. In case of most non-profits, one shared feature is that they are not set up to make profit. However they can be involved in income generation activities to establish an alternate source of funding. Another important aspect of these organisations is that they strive to serve the marginalised communities and overlooked segments of society. These organisations can be nongovernmental, which means they are not owned or directed by the governments. Nevertheless, they can utilise government funds to survive and serve their cause. Additionally, these organisations are not necessarily non-political and non-religious. Indeed, in many developing countries including Pakistan, the non-profit organisations can be political and religious yet dedicated to serving social causes. So the boundaries are not just fuzzy between different types of non-profit organisations within the sector but the boundaries between different sectors are also becoming blurry (Brandsen et al., 2005), which brings us to asking the question of whether non-profit, private, and public organisations can clearly be distinguished from one another.

In reality it is not just the non-profit sector, but all sectors including market and state sectors that are changing one way or the other (Bromley and Meyer, 2014). Dees and Anderson (2003) noted that the blurring between different sectors is not a new phenomenon, but is certainly increasing. Billis (2010c) attempted to define the idealized forms of private, public, and non-profit organisations. Private organisations are believed to exist to maximize their profits through sales of good and services, answer to their shareholder, and operate on basis of shared ownership. The public organisations on the other

hand are run for public benefit and collective choice. They are believed to be owned by citizens and state and are run through taxation money. Non-profit organisations exist to pursue a social cause, owned by its members and are run through donations and fundraising. However Billis (2010b) and Brandsen et al. (2005) confirmed that there is no empirical basis to clearly distinguish the non-profits from state and market. The existence of fuzzy organisations in all sectors has made it difficult to define and identify the non-profit sector. In the following section presence and types of hybrid organisations, and how it leads to issues of organisational identity, in the non-profit sector, will be explored in detail.

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### **2.1.1 SECTOR BENDING AND HYBRIDITY IN THE NON-PROFIT SECTOR**

The increased competition for revenues has led the non-profits to act more business-like with commercial activities, venturing into services previously considered government and private sector's territory (Bromley and Meyer, 2014, Dees and Anderson, 2003). Dees and Anderson (2003) referred to non-profit sector bending as four types of behaviours; imitation, interaction, intermingling, and industry creation. Imitation refers to concepts and approaches developed and used in other sectors, often transferring to non-profit sector. Pure business concepts such as Porter's five forces, and terms such as customers and markets are now making their way to the third sector. Interaction is the increasing contact between different sectors in form of competitors, contractors, and collaborators. Heredity was referred as intermingling, which are formal organisations having both for-profit and non-profit components. All of the above factors are giving birth to new industries; some of the examples are community development finance and eco-tourism.

Researchers have claimed that the blurring can be associated with extra ordinary expansion of formal organisations in all sectors since world war II (Bromley and Meyer, 2014). Researchers have debated whether sector bending is a beneficial or a harmful phenomenon. Dees and Anderson (2003) have suggested that this healthy period of experimentation, blurring lines between different sectors, should

eventually allow serving the public purpose better. Other benefits may include upsurge of sustainable solutions, increased accountability, and greater financial strength and capacity. However there are also certain risks and concerns including mission drift of non-profits, emphasis on profit making leading to lower quality of services, and decline of advocacy by non-profits.

Brandsen et al. (2005) suggested that the third sector in its current state seems to be something other than community, state, and market. Brandsen et al. (2005) suggested that it is becoming relatively easy to find arrangements that are hybrid in nature as compared to finding ideal type organisations in all sectors. The authors went on to conclude that none of the three sectors can be reduced to a single definition. The concept of the state being single entity has long been disproven. The agencies, such as third sector, involved in implementation of a policy can also be regarded as state or an element of state. Community, defined as small social group with members gathered based on personal relationship, does not have a clear bounded domain either. The elements, usually associated with market and state, have infiltrated communities over the years. The small local based groups have become more professional and formal over the years. The authors went on to ask if the third sector, already considered hybrid and fuzzy, can be defined in one clear definition, and whether it is even worth looking for such definition.

The issue of defining the sector has become complex due to the emergence and popularity of hybrid organisations in all sectors. Billis (2010b) noted that hybridity is a Latin word which means *a crossbred animal*. The term has been defined in disciplines including Biology, Genetics, Chemistry and Linguistics, all commonly suggesting mixture of different species or languages forming a new one. An organisation which possess characteristics associated with specific categories of different organisations can be called hybrid (Doherty et al., 2014). Billis (2010b) noted that hybridity is an international and multi sector phenomena with pure ideal type organisations rarely existing in any sector (Billis, 2010c, Billis, 1991). Researchers have suggested that while hybridity has long been part of non-profit organisations around



the world, the recent rise has largely been due to changes in social and political environment including increased competition for funding and non-profits partnering with other sectors to deliver the social services more effectively. However this partnership has also led to complexity in the sector due to emergence of hybrid forms of organisations, making the sector a loose and baggy monster (Smith, 2014, Maier et al., 2016, Kendall and Knapp, 1995). It is also becoming increasingly hard to define the sector due to heterogeneity within the non-profit hybrid organisations (Brandsen et al., 2005, Harris, 2010). Consequently these organisations face unique challenges including choosing a legal structure, financing, distinguishing between their customers and beneficiaries, and culture and talent management (Battilana et al., 2012).

Haigh et al. (2015) confirmed that hybrid organisations occupy the intermediate point on the continuum where non-profit and for-profit take the extreme positions. These hybrids are quite often referred as social enterprise in the non-profit literature. These social enterprises either choose a non-profit hybrid or mix-entity structure with major revenues coming from earned income. Gottesman (2007) confirmed that USA legal structure divides the organisations in two main categories known as for-profit and non-profit. Recently the organisations which want to operate between these categories take the middle ground and are called hybrid organisations. For non-profit, adapting a hybrid structure, the hybrid nature helps them generate their revenue better and provide better access to capital, both of which is quite limited in their pure non-profit form (Sertial, 2012). Salamon (1995) confirmed that non-profits take the hybrid shape for three reasons, one, the activities taken by organisations themselves to strengthen the non-profits position to claim good and right, two, incentives from outside including engorgement from churches and humanitarians and subsidies from government, and third, public private partnership encouraged by governments to deliver services more efficiently. Billis (2010b) placed these hybrid organisations in nine *hybrid zones* which are the overlapping areas of multiple sectors.

These hybrid zones included (not limited to) public/third, public/private/third, public/private, third/public, third/public/private/, and private/third.

Billis (2010b) further discussed the non-profit hybrid organisations distinguishing between *shallow*, *entrenched*, *organic*, and *enacted*. Shallow hybrids are the non-profits which have moved into hybrid forms in a gentle fashion with minor disturbance. The small changes could be board members with business background, hiring first paid staff, and tension between paid staff and volunteers. Entrenched hybrids on the other hand can be seen in the light of governance and operational levels of the organisations. A non-profit organisation moves towards entrenched hybridity when it starts accepting public and private sector grants and other resources. Operationally, presence of more paid staff as compared to volunteers and existence of management and organisational structure is form of entrenched hybridity. As the organisation grows the formal systems, such as job descriptions, working conditions, promotions, and career development become part of it as well. However it is not to say that all non-profits move towards entrenched hybridity. The author then discussed the case of organic and enacted hybridity. The debate suggested that much of the literature is focused on the third sector organisations which have moved steadily from non-profit to hybrid forms, referred as organic hybrids. However there are many organisations which are hybrid from day one, also referred as enacted hybrids. Enacted hybrids are usually established by other organisations through collaborative mechanisms. Billis (2010a) concluded the discussion on hybrid non-profit organisations by dividing them in organic shallow, organic entrenched, enacted shallow, and enacted entrenched categories (pg:241)

..... Type State	Organic	Enacted
Shallow	Organic Shallow	Enacted Shallow
Entrenched	Organic Entrenched	Enacted Entrenched

Table 2 Hybrid Non-profits

The organic shallow are the organisations which have small number of paid staff with significant work being done by volunteers. The organic entrenched non-profit grows with resources from public and commercial activities. With time these organisations develop clearly defined management structure and hire paid staff. On the other hand the enacted shallow do not have independent resources to establish organisational structure and thus have difficulty in sustaining and developing long term goals and activities. Enacted entrenched are setup with significant resources and influence, usually coming from government. These organisations can plan long term due to resource availability but have multi-stakeholders boards. The main issue with these organisations is the mission drift and lack of clarity about sector identity. The presence of heterogeneous hybrid organisations in the non-profit sector has led us to the debate on organisational identity. Jäger and Schröer (2014) suggested that hybrid organizations face issues of organizational identity and proposed the following criteria for observation of hybrid organization's identity (pg:1293),

		<b>Fields of Hybrid Organization's Identity</b>		
		<b>Market Identity</b>	<b>Hybrid Identity</b>	<b>Civil Society Identity</b>
<b>Organizational Identity Dimensions</b>	<b>Identification of Individuals with organization</b>	Organizational members' identity is to fulfil a function in society by acting primarily in their self interest	Organizational members' identity is to execute a meaningful work	Organizational members' identity is to understand themselves to be means to be higher goals of a collective
	<b>Structure that determine organizational events</b>	Organizational structures are part of markets as rational networks, which they use as means for pursuing their goals	Organizational structures are dependent upon how valuable communal solidarity is to a society	Organizational structures are embedded in social networks
	<b>Practice of Organizational Executives</b>	Organizational actor's practice is to mobilize resources like volunteers, sponsors, donors, and others	Organizational actor's practice is to exchange solidarity for financial/nonfinancial resources.	Organizational actor's practice is to serve the public good.

**Table 3 Observation of hybrid organization's identity (Jäger and Schröer, 2014 pg:1293)**

The criteria look at the identity dimensions from identification of individuals with organisation, structure, and practice of organisational executives, however these criteria may not be suitable to assess non-profits' hybrid identities. It was apparent from the above mentioned literature that the issues of identity exist at different levels such as causes, funding (including income generation), operations (volunteers and paid workers), and legal structure. The confusion in defining the sector becomes more complex with these organisations facing organisational identity tensions. In the following section the issue of identity in the non-profit sector is explored in detail.

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### **2.1.2 ORGANISATIONAL IDENTITY AND THE NON-PROFIT SECTOR**

*"Many organisations have a difficult time deciding what they want to be when they grow up" (Young 2001a, pg:289).*

Albert and Whetten (1985) proposed to analyse organisational identity as Central, Enduring, and Distinctive (CED) attributes. Central attributes are the ones which have made or changed the history of the organisation; in simple words in absence of these attributes the history of organisation would not be same. Enduring attributes are entrenched in the organisation and are explicitly understood and owned by the members. Distinguishing attributes are the ones which differentiate the organisation from the other organisations. The CED attributes are perceived by an organisation's members so they can answer *"Who are we?", "What kind of business are we in?", and "What do we want to be in future?"* The authors suggested that the question of identity becomes integral when an organisation faces difficult decisions such as formation or loss of sustaining element, rapid growth, or a change in the organisation's status. The CED attributes are considered the reference points for the organisation's members when they are representing the organisation. The purpose of these attributes is to stop the organisation from acting out of character. (Young, 2001b, Albert and Whetten, 1985, Whetten, 2006). The concept is considered subjective by some and objective by the other researchers. There are also disagreements if it's a stable property or a malleable one. Jäger and Schröer (2014) confirmed that one school of thought

looked at organisational identity as a stable characteristic which is held by individual members of the organisation. Another school of thought saw organisational identity through practice based lens suggesting that identity can be recreated and shifted over a period of time depending on reality that an organisation faces.

The issue of organisational identity in the non-profit organisations, including hybrids, has been thoroughly discussed in the literature. Lee and Bourne (2017) noted that the question of organisational identity becomes particularly important for non-profits because their identity is grounded in social cause and compassion. Researchers have confirmed that organisational identity and multiple identities is complex in the non-profit sector as compared to other sectors. The public and private sector are shaped up by competitive and political forces but non-profit is shaped up by purpose. One of the other differences includes the issue of ownership. In private sector the power is with shareholders and managers but in non-profits the power can be distributed between volunteers, donors, and other stakeholders who may not necessarily be attached with the organisation but hold emotional attachment with its cause (Lee and Bourne, 2017, Young, 2001b, Pratt and Foreman, 2000, Foreman and Whetten, 2002). Also, the issue of organisational identity becomes complex due to presence of heterogeneous organisations in the sector. Young (2001b) suggested that non-profit sector has a diverse range of organisations from small informal to large multi-million dollar enterprise serving all kinds of social causes. Young (2001a) confirmed that among the three sectors, non-profit struggle most with identity due to ambiguous environment and corporate ambivalence. Non-profits identity process is complex as *“its processes involve the accommodation of commercial “utilitarian” identity (or identities) with its mission driven “normative” identity”* (Lee and Bourne, 2017 pg:796). Brandsen et al. (2005) inquired if third sector can be considered a griffin, fictional character – a hybrid creature with no clear identity of its own, or a chameleon, which adapts itself to the environment by changing its colour, but still

considered a chameleon with an accepted hybrid nature. Alike chameleon, some non-profits can be called hybrid organisations based on how they change due to environment's requirements.

Albert and Whetten (1985) claimed that organisations with multiple identities can struggle in different ways. It's possible that an organisation ended up having multiple identities due to change in environment and while it is adopting the new identity it is struggling to get rid of the old identity which is deeply embedded in its system. Moingeon and Soenen (2002) suggested a five facet framework to assess multiple identities based on multi stakeholders approach. The five facets included professed identity, projected identity, experienced identity, manifested identity, and attributed identity. The professed identity is what an organization professes about itself while the projected identity is how it presents itself to specific audience. The key difference is that projected identity is arbitrated. Experienced identity is what organizational members experience with regards to organisation. Manifested identity deals with the historical roots of the organisation while attributed identity is related to attributes that are ascribed to organization by its various audience. The framework can also be applied to hybrid non-profits due to presence and power of multi stakeholders and consequent multiple identities.

Some researches feel that multiple identities can be easily managed while other suggest that these can be unstable (Whetten and Godfrey, 1998, Pratt and Foreman, 2000). It has been suggested that multiple identities can either exist in form of complementary or competing identities (Collins and Porras, 1996, Albert and Whetten, 1985). The multiple identities in hybrid organisations are often in conflict with each other. Golden-Biddle and Rao (1997) study with a non-profit organisation noted that holographic identity can lead to conflicts of commitments for board. The greater the dimensions that exists in holographic identity, the greater the role conflict will be. Young (2001b) explored the issue of multiple identities with four different types of non-profit organisations. The first type, grant making foundations,

was also referred as genial altruist, mission driven corporations, problem solving catalyst, and venture capitalists. The second type, federated fundraising organisations, was also referred as fiscal intermediary, economic regulator, community problem solver, and charity mutual fund. The author proved that how four classes of organisations were recognized under the umbrella of different identities. However it is also important to note that the multiple identities do not just exist at the basic level, referring to these organisations as one name or another. Young (2001a) researched non-profit umbrella associations, which members were non-profit organisations, to explore their identity issues. The research suggested that non-profit umbrella organisations can have three possible identifies namely goal-seeking systems, economies, and the polity. The three identities require different resources; goal-seeking depends on hierarchy, economy relies on reciprocity, and polity banks on consensus building. The research concluded that while in some cases multiple identities can be necessary and productive for an organisation, the tolerance of them can be problematic and can cause structural distress.

It is quite evident that the emergence of sector bending and increase in hybrid organisations has made it increasingly hard to agree on one single definition of the non-profit sector. The difficulty in defining the sector is due to multiple factors including reliance on business-like activities similar to for-profit sector and operating like state by obtaining contracts from the government. The ambiguity in defining the sector becomes condenses as different actors or stakeholders see it in different light. The confusion in defining the sector has also led to creating issues of organisational identity for the non-profit organisations. Despite numerous studies it is still hard to establish distinguished identity for the non-profit hybrid organisations. It is quite fair to conclude that it is very complicated and problematic to define the non-profit sector and agree on one single definition. The sector may best be defined in the context that it operates in. Pakistan's non-profit sector presents an interesting case of organisational identity for the non-profit sector, which will be explored in later part of the chapter. The following

sections will look at the non-profit sectors evolution and growth around the globe followed by detailed review of Pakistan's non-profit sector.

## **2.2 EVOLUTION AND GROWTH OF NON-PROFIT ORGANISATIONS AROUND THE WORLD**

Many researchers have tried to explain the evolution and growth, as well as the differences in size of the non-profit sector, cross-nationally. Casey (2016) reported that the size and significance of the sector has been documented through five major projects: the Johns Hopkins Comparative Nonprofit Sector Project, National Satellite Accounts, CIVICUS Civil Society Index, USAID CSO Sustainability Index, and the NGO Law Monitor. Salamon et al. (2000a), through Johns Hopkins Comparative Nonprofit Project, explained that the non-profit sector is larger in developed countries as compared to developing countries. Casey (2016) summarized these research projects in his paper and showed inconsistencies in the results. For instance one project showed a weak non-profit sector in a developing country while another project showed the same country at top having one of the highest contributions towards GDP. Due to contradictory claims about the sector it is hard to find similar reasons for the size and evolution of the sector globally.

While there are disagreements over statistics of non-profit sector globally, there is no denying that sector has emerged as an important contributor in social services and economy. Brennan et al. (2014) suggested that non-profits have played a very significant role in the human services area accounting for 87% employment in the field, with human services areas including education, social services and health. Indeed, it invites questioning as to how and why the sector has emerged in presence of the Government and the private sectors. Literature suggests two main theoretical explanations for this trend, namely the Government/Market Failure Theory and the Independence Theory (Lecy and Van Slyke, 2013). The



Government/Market failure theory posits that while governments are responsible for providing public goods, due to limitations of money and resources, it will select the most generic programmes with broader appeal. However, since societies are diverse and have different needs, a secondary market covering different goods and service needs will develop, which is often referred to as a private or for-profit organisation. Nevertheless, the private sector fails to fulfil needs that do not entail payment and profit, and the government sector only responds to the needs of the majority due to a reliance on the political system. Thus the failure of the public and the private sectors to serve the minorities and the under-privileged has led to the emergence and growth of the non-profit sector (Hansmann, 1987).

Whereas on the one hand the government /market failure theory discusses government and non-profit sector relationship as being dissimilar, the independence theory states that under special circumstances, the governments and non-profits form a close relationship to address public problems collectively (Salamon et al., 2000b). The theory suggests that governments see the non-profits institutions and social services as benefiting people in different ways. Therefore, the governments fund these non-profits with grants and subsidies and attend to their priorities, not only to fulfil a social agenda but also to negate the perception that governments cannot meet heterogeneous needs. However, this can also lead to governments becoming dependent on the non-profit sector for the delivery of services and the non-profit becoming dependent on the governments for providing essential funding (Salamon, 1987). It has also been suggested that the “Government/Market Failure Theory” and “Independence Theory” might not be the only reasons for the emergence and growth of the non-profit sector. Indeed, the theories of “Supply-side, Trust, Welfare state, and Social Origin” can also serve to explain the emergence and growth of this sector (Valentinov, 2008).

The next part of the discussion will consider how different parts of the world offer different explanations for the evolution of the non-profit sector. In the context of the Netherlands, Burger and Veldheer (2001) noted that the non-profit sector grew due to pillarization, when groups of citizens organised themselves

along religious and political lines in the 20<sup>th</sup> century. These pillars included Catholic and Protestants organisations and were later joined by modern political parties. On the other hand, the evolution of the US non-profit sector can be traced back to the American Revolution and the ensuing constitutional settlement by the Supreme Court. This led non-profits to grow slowly but steadily during the 19<sup>th</sup> century, with the major growth occurring in the form of churches and their voluntary activities (Hammack, 2001).

Lecy and Van Slyke (2013) researched 331 human services organisations in the USA to find out the reasons for growth and density of the sector, with the focus of their research being the identification of the relationship between the funding patterns and the non-profit density. The results showed that government grants and funding were most positively linked with the sector's growth and density. Salamon and Anheier (1996) researched 13 countries to find commonalties and difference among the sector globally, including six developed (France, Germany, Italy, Japan, UK and USA), one former Soviet bloc (Hungary) and five developing (Brazil, Egypt, Ghana, India, and Thailand) countries. The reasons for the growth of non-profit sectors in these countries are summarised below,

Developed Countries	Revenue by Major Source			Highest Operating Expenditure on a field As % of GDP (In Billion)	Summary
	Public Sector	Private Giving	Private Fees		
France	59.5%	7.1%	33.5%	Health = 28.9%	Growth fuelled heavily by government support
Germany	68.2%	3.9%	27.9%	Health = 34.5%	Growth fuelled by government support
Italy	42.6%	4.1%	53.2%	Health = 24.9%	Growth majorly by “commercial” activities
Japan	38.3%	1.3%	60.4%	Education and Research = 39.5%	Growth majorly by “commercial” activities – However apart from education and research other fields have developed with government support
United Kingdom	39.8%	12.1%	48.2%	Education and research = 42.4%	Balanced revenue from all sources have helped the sector grow
USA	29.6%	18.7%	51.8%	Health = 52.6%	Growth fuelled heavily by government support in form of grants and medical reimbursements
Developing Countries	Revenue by Major Source			Highest Operating Expenditure on a field As % of GDP (In Billion)	Summary
	Public Sector	Private Giving	Private Fees		
Brazil	Little is known about the revenue sources however with limited research the author suggested following distribution  Public Sector = 7% Private Giving = 6% Private fees = 55% International agencies support = 8% Transfer from parent organisations = 25%			Social Services and Health = 29%	Less dependent on public support and international funding
Egypt	Little is known about the revenue sources however with limited research the authors suggested that foreign aid account for a significant proportion of the revenues			Social services = 45%	Growth majorly in form of unregistered and informal non-profit Islamic organisations
Ghana	None described			Mixture of self-help societies, church related organisations and NGOs	
India	None described			Mixture of religion bases,	

Table 4 Non-Profit Sectors in Developed and Developing Countries

An interesting inference from the information presented above is that non-profits have matured in fields wherein governments have been weak. This finding also confirms the assumptions of the Government Market Failure Theory. For instance, health takes the highest percentage of operating expenditure in USA due to the absence of a welfare health system by the USA government. On the other hand, since the UK government provides free healthcare through NHS, the non-profit in UK has expanded in different fields e.g. education and research. The above table presents a comprehensive picture of the developed countries non-profit sectors, and some interesting findings can be deduced from the data, but there is not enough information available on the developing countries to allow adequate commentary on the sector's size and growth.

### **2.3 PAKISTAN'S NON-PROFIT SECTOR**

Pakistan's non-profit sector started to emerge in 1947 at the time of independence from British colonial rule. Prior to 1947, Pakistan was part of India, commonly known as the subcontinent, and the two future nation states shared history, culture, as well as a non-profit sector. Hence, many of the voluntary and philanthropic initiatives in Pakistan date back to the time when the Indian partition had not taken place. However, despite a shared heritage, the population of pre-partition India was divided along lines of religion, as reflected in the Hindu majority and sizable Muslim minority making up the citizenry of the Indian subcontinent. Once independence was granted, Muslims migrants started their journey to their new homeland of Pakistan. These migrants were in desperate need of shelter, food and money, and many unorganised charities started operating to serve these needs (Ghaus-Pasha and Iqbal, 2003, Haider, 2010, Iqbal et al., 2004). In addition to these unorganised charities many trusts and shrines, which had existed before independence, also began to expand their work, and the sector continued to grow until the first round of martial law was imposed in 1960. This martial rule led to the government taking over the shrines and trusts, which resulted in a significant decrease in giving and volunteering

from the public. It was anticipated that the sector would experience resurgence when democracy returned in the 1970s, but conversely it rather suffered when government decided to nationalise education and health institutions that had been run by private and voluntary organisations. The fate of the sector took another turn when, in 1979, the war began in Afghanistan between the USSR-backed regime forces and the *Mujahideen* seeking to liberate their country. This conflict in Afghanistan, a close geographical neighbour to Pakistan, precipitated a refugee crisis as millions of displaced Afghans fled the war by seeking refuge in Pakistan. This crisis drew a noteworthy flow of funds from foreign countries to alleviate the refugee crisis, and during this time, many large voluntary organisations started their operations, which resulted in the sector getting more organised. The Government of Pakistan (GoP) had found itself unable to manage the large number of refugees, with the result that NGOs began to step in, supported by international aid, to help refugees settle and resume a normal life. Many refugees stayed in Pakistan due to the unstable situation in their own country after the war had ended, which led to a continuing flow of international funds to Pakistan. The exposure to international funding led to the birth of many small NGOs that evolved into medium and large size organisations over the period of time (Ghaus-Pasha and Iqbal, 2003, Iqbal, 2006, Jafar, 2011b). Owais et al. (2015) suggested that if NGOs are considered only a people's group gathered to solve a social cause than Pakistan have had them for a long time in form of informal non-profits also referred as *Jirgas*. However the 1980's policies led to emergence of different kind of NGOs focusing on variety of advocacy services with reliance on foreign funding instead of local fundraising.

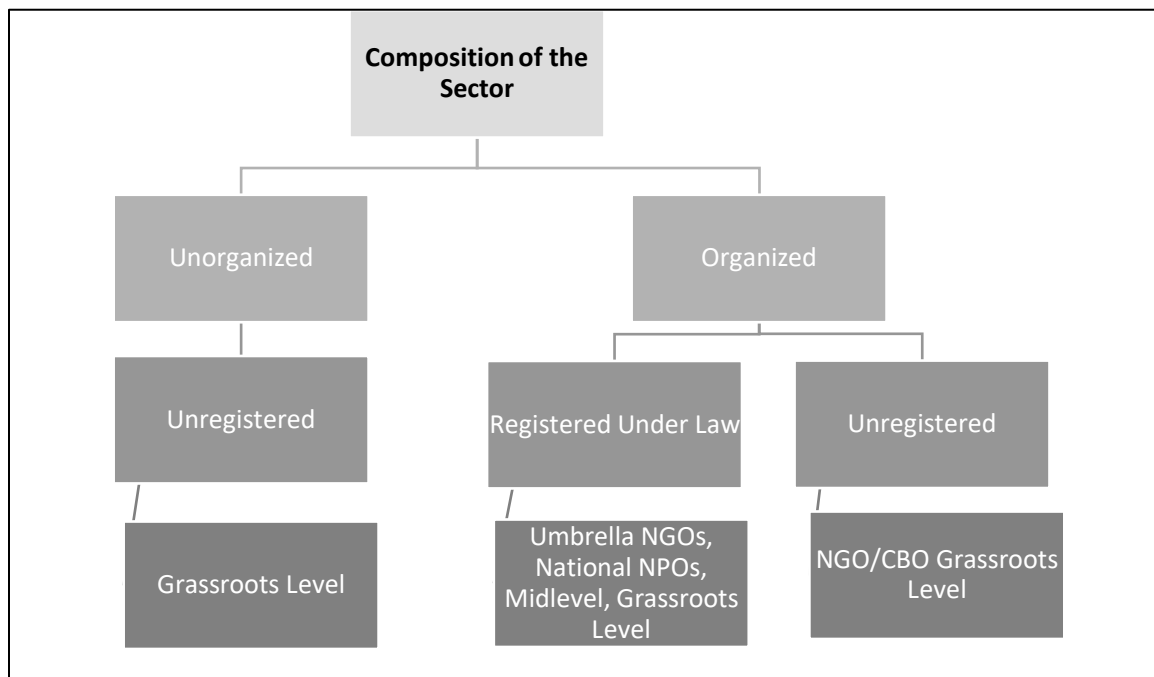
In the last decade, Pakistan has experienced cuts in government expenditure on education and health which has consequently affected poverty alleviation, provision of educational and health facilities, and human rights protection has engendered a crisis of governance in the country (Ismail, 2002). In this situation, the non-profit sector has played a pivotal role in improving the state of affairs for many.

However despite its importance there is lack of research on the sector (Owais et al., 2015) leading to presence of contradictory figures on number of non-profits in the country. According to a 2002 survey, there are 45,000 non-profit organisations registered in Pakistan employing 264,000 people and 212,000 full time volunteers, representing 1.1% of country's economically active population, 4.1% of its non-agricultural employment and 18% of its public employment as well as 0.3% of the national gross domestic product (GDP). Another survey reported the organisations registered under different laws with 12,703 under Voluntary Social Welfare Agencies Ordinance 1961, 42,007 under Societies Registration Act 1860, and 509 under Companies Ordinance 1984, bringing the total to 56,219 (Ghaus-Pasha et al., 2002). A report by Sattar and Baig (2001) noted that there are 12,000 registered non-profits in Pakistan, and if nonregistered organisations are added to this figure, the number could increase to 60,000. Another report prepared for USAID suggested that the number of NGOs in Pakistan are estimated to be around 100,000 (Naviwala, 2010), however the figure was drawn from an online blog which cited a federal minister statement in the national assembly made in June 2009. The federal minister went on to suggest that it was an estimated figure and due to weak legal and regulatory framework it was hard to know the exact number. Regrettably due to lack of research on the sector, recent figures are not available to estimate how many non-profits currently exist in the country. *(Most of the published articles on non-profit sector cite Johns Hopkins Study, cited earlier, describing number of non-profits in the country).*

With 1.1% of the economically active population involved in non-profits, Pakistan is ranked 32<sup>nd</sup> amongst 36 countries making such provisions. Pakistan's average on volunteering as a share of the civil society organisation workforce compares more favourably with that of other countries. Volunteers in Pakistani non-profits represent 41% workforce as compared to the 38% average of developing countries (Ghaus-Pasha and Iqbal, 2003, Salamon and Sokolowski, 2004, CAF, 2012). The majority of non-profits in Pakistan are found in the provinces of Punjab and the Sindh, while the paucity in other provinces such as

Baluchistan and KPK can be attributed largely to difficulties in logistics, illiteracy, and a strong tribal culture. Salamon and Sokolowski (2004) suggested that the main focus of the non-profit sector in Pakistan has been on education, (57%), health (10%), and expressive advocacy activities (17%), with most of the expressive activities carried out by volunteers (94%). The state of education in Pakistan is poor with only 3% of the annual budget allocated to it, leaving the majority of the population un-served. The figures explain the presence of the majority of Pakistani non-profits serving in education and research. This is similar to the case of the USA wherein it was found that the majority of American non-profits worked in health due to lack of provisions for a welfare health system by the government. Hence, in Pakistan where the government and the private sector are unable to provide education facilities to the public at large, non-profits are working to fill this gap. In comparison to the neighbouring country of India, which has better literacy rate e.g. 60% (Kickbusch, 2001) as compared to that of 50% in Pakistan (Sattar et al., 2012), 70% of the Pakistani non-profits work in education against a significantly smaller percentage (54%) of Indian non-profits working in the same area.

Ghaus-Pasha and Iqbal (2003) divided the Pakistan's non-profit into two major categories, organised and unorganised. The unorganised organisations are smaller and unregistered non-profits working at the grassroots level, although some medium size organisations can also choose to remain unregistered. There can be several reasons for this with one possibility being that the organisation has already earned recognition and reputation and does not feel the need to get it registered. The following figure (Ghaus-Pasha and Iqbal, 2003, p.8) explains the sector:



**Figure 1 Pakistan's Non-profit Sector (Ghaus-Pasha and Iqbal, 2003, p.8)**

Organized non-profits are those which have some institutional character to them such as organisational structure, goals, meaningful organisational boundaries, budgets and accounting procedures. Within the organized non-profit entities, Pakistan's non-profit sector can further be divided into three major segments (Bano, 2008b, Iqbal, 2006),

1. TVOs (Traditional Voluntary Organisations )
2. NGOs (Non-governmental Organisations )
3. FBOs (Faith-based Organisations or Madrasas)

TVOs are believed to rely on donations and funding from local private individuals as well as companies. These organisations serve education and basic health services at the neighbourhood and national level. Although NGOs are similar to TVOs, due to their reliance on foreign funding and development aid, the perception in Pakistan is that NGOs are formed for personal gain and that they advance a foreign agenda. Corry (2010) confirmed that the term “NGO” is considered notoriously slippery concept due to heavy reliance on international aid. The Organisation for Economic Corporation and Development



(OECD) has reported that 15-20% of total international development aid goes through these NGOs. These NGOs in Pakistan are known for serving the causes of advocacy, human rights, women's rights, and child labour prevention (Bano, 2008c, Sattar, 2011). Jafar (2011b) referred to NGOs as 'Advocacy NGO's and to TVOs as 'Service NGOs', where one is serving beneficiaries positions (causes of advocacy) and other is serving their conditions (health and education services). The author also suggested that these organisations compete against each other for funding, reputation, and prestige.

Bano (2008c) also distinguished the two types of organisations on the basis of volunteers, with her research sample showing that while 100% of TVOs had some volunteers none of the NGOs had volunteers in their workforce. Again, due to limited research on the sector, the contradictions in findings seem to prevail. For instance, while research by Salamon and Sokolowski (2004) suggested that advocacy services carried out by NGOs were largely run by volunteers, the study by Bano (2008c) found that NGOs had no volunteers. However, though the researchers might contradict one another on some aspects, almost all of them agreed on that fundamental difference between the two types of organisations are the causes and funding. As Ghaus-Pasha and Iqbal (2003) highlighted (pg.10);

*"Theoretically almost all kinds of voluntary and welfare organisations, trust and foundation can be classified as NGO and are generally referred as such by government, donors and the NGO community. However, generally in Pakistani society, the term NGO is used to refer to only the relatively modern organisation espousing secular causes, and, by and large, with specific purpose e.g., freedom of speech freedom of association, basic human rights and provision of services."*

As Bano (2008b) further explained, (Pg: 2301)

*"The difference between the two is, however, of their source of funding. NGOs are taken to be organisations, which chose to rely primarily on development aid to execute their programme... The VOs (TVOs) on the other hand are organisations outside the donor-funded chain who choose to rely primarily on public donations and volunteer to advance their cause."*

Albrecht (2013) confirmed that that Pakistan's government ability to deliver public services is quite limited which led the NGOs to strive in Pakistan with ample support by foreign donors who believe them to be more reliable than government and more equitable than the private sector. The reliance on foreign donors has ensured that these NGOs deliver their work due to continuous flow of funding; however it has also led to the criticism that NGOs are following the donors' priorities rather than the beneficiaries (Albrecht, 2013, Bano, 2008c). Bano (2008a) noted that local funded organisations (TVOs) are very keen to differentiate themselves from NGOs. They clearly stated that they did not want to be recognised as NGOs as they do not rely on international development aid and not have high salaries. Interestingly the research also showed that NGOs themselves are aware of this negative perception, and NGO employees sometimes refrained from introducing themselves as NGO workers. Another survey of public perception indicated that people familiar with the term "NGO" instantly associated it with foreign aid and western causes along with less visible performance (Bano, 2008a, Bano, 2008c, Bano, 2008b, Owais et al., 2015). Kamuzora et al. (2004) confirmed that NGOs negative perception is based on several factors including short term visits and non-commitment to the project objectives along with not respecting the environment of community. These perceptions have also led to hostile attitude towards NGOs and their workers. Jafar (2011b) suggested that women NGOs in Pakistan have been subject to extreme violence including bombing and their members being kidnapped. In other, less extreme cases, their causes have been met with hostility.

Bano (2008b) also differentiated between the two types of organisations on the basis of performance, as summarized below (Pg:2306):

Measuring Performance		
Performance	NGOs	TVOs
Empowerment vs. Dependence	The work was claimed to be different from that of TVOs and focused on development, which meant helping people become independent and sustainable	Had the same philosophy of helping people stand on their feet. None talked about development discourse
Agenda setting vs. agenda following	Smaller NGOs were likely to accede to donor pressure for agenda setting; however even the larger NGOs were not fully independent	85% refused aid on ideological grounds. 20% had started to accept donor aid but also registered problems
Sustainability vs. fluctuations	Major fluctuations in annual budgets in response to aid flows	Stable budget recording graduate increase and decrease
Elite dominations vs. grassroots representations	Leader came from middle and upper income group	Leader came from middle and upper income group

Table 5 : Measuring Performance: NGOs vs TVOs (Bano 2008a, p.2306)

Although both, TVOs and NGOs, focus on developing people by not giving them charity but rather helping them stand on their feet, NGOs were very open about using the term “development” whereas TVOs refrained from using this term. Bano (2008c) explained that two organisations (1 NGO and 1 TVO) working for the same cause such as running a school defined their area of work very differently. Whereas NGOs talked about millennium development goals and empowering children, TVOs staff tended to discuss their work in religious or moral grounds. In terms of agenda setting, it is very clear that reliance on donors’ funds and international aid sets the agenda of the NGOs. TVOs on the other hand seem to set their agenda themselves. Since their funding, or at least the majority of it, is not sourced from international donors, they are free to implement agendas as they please. Again, the main differences seem to reside in the funding base of these organisations, with the budgets of two types also fluctuating due to their funding base. TVOs showed considerably more sustainability and gradual increase or decrease due to small variance in the funding base, whereas NGOs had major fluctuations as larger projects show major inflow and outflows in organisational budgets. Lastly, both types of organisations lack representation from the grassroots level.

The third type, FBOs or “*Madaris*”, are religious schools. These religious schools have emerged as a result of different spiritual beliefs held by the people, which are all linked to the religion of Islam (Ghaus-Pasha and Iqbal, 2003). A survey by government of Pakistan assessed that there were 16,000 registered Madaris in the country with estimated 1.5 million students. The FBOs form 30% of the non-profit sector of Pakistan, with these schools providing education, accommodation and basic health facilities to students while focusing on religious teaching (Bano, 2011). A research of 53,950 households concluded that the students of Madaris belonged to poorer families and identified that people enrolled their children in the *Madaris* to give them religious education, improve their behaviour and manners, and most importantly due to the low cost and private social support (Cockcroft et al., 2009). Saqib et al. (2017) suggested that since Pakistan was inception in the name of religion it is not surprising to see these organisations thriving more than secular organisations. The foreign-funded NGOs have also experienced conflict with religious organisations, with the religious organisations maintaining a strong opposition of NGOs propagated the idea that NGOs carry a foreign and Western agenda and are against the basic teachings of Islam. The NGOs, on the other hand, feel that they are challenging the orthodox Islamic views on the status of women and blasphemy law, which have led to suppression of women and minorities in Pakistan (Pasha and Pasha, 2002, Ghaus-Pasha and Iqbal, 2003). Sattar (2011) took a different stance in explaining this conflict, noting that the conflicts exists due to the focus of the NGOs on secularism and the focus of the FBOs on turning Pakistan into a Islamic state, but the real threat faced by both organisations comprises competition for funds and influence. However the claim seems rather far-fetched as both organisations rely on different funding sources.

The genesis and agenda of these organisations have to be understood in the context of their religious-political character. The situation in Pakistan has been deteriorating since the “War on Terror” started in 2001. The war, first limited to tribal areas in Afghanistan and Pakistan, expanded to the many other areas of Pakistan over the past few years with suicide bombings, kidnappings, and threats becoming

commonplace in the community. The origin of people who are involved in these activities can mostly be traced back to religious organisations or FBOs. Cockcroft et al. (2009) confirmed that some of these religious schools have played a leading role in breeding terrorists and terrorism. This is not to say that all religious organisations are involved in such activities, however, a significant number are, and it is hard to identify those, which are not. In the case of this study, FBOs were excluded from the research as it was felt that addressing such a sensitive topic and tapping into the data of these organisations would create security issues for my family and me. So this research will only focus on NGOs and TVOs in Pakistan's non-profit sector.

The difference between the three types (NGOs, TVOs, and FBOs) of organisations has led to creating a divide in the sector, with people differentiating amongst local TVOs, foreign-funded NGOs, and religious organisations. Although the literature identifies the divide, it falls short of suggesting how this divide has emerged or why non-profits prefer specific funding sources and causes. It has not been researched if these organisations choose to be identified as NGO or TVO and then select specific funding sources or the preference of funding sources lead to their identification. This divide is of a different nature to that found in other countries in the region. For instance a report by PRIA (2000) divided the Indian non-profit sector into community based organisations (CBOs) and voluntary development organisations (VDOs). CBOs are usually run by the middle-class members of a village or neighbourhood, which individuals collaborate on the basis of voluntary membership. However, CBOs can also include members from other parts of the society rather than just those who are directly affected by the organisation's cause. The second type voluntary development organisations exist on a much larger scale and are involved in providing developmental support to needy communities. According to the activities these organisations can be further classified as public service contractors, collaborator, and social innovator. Flower (1995) has referred to these organisations as NGOs or Nongovernmental Organisations, which focus on the marginalised communities of the society that are the ultimate focus of aid agencies. NGOs essentially

play the role of the intermediary between aid agencies and marginalised communities. While the term “Nongovernment organisations” or “NGOs” carries a negative image in Pakistan there is no evidence to suggest that NGOs are perceived negatively in India. As mentioned earlier the reliance on foreign donors and spur of NGOs was triggered due to Afghan war and free flow of refugees from Afghanistan to Pakistan. The chain of events also led to stories of corruption and mistrust of the NGOs which took the funding and then disappeared (Bano, 2008b, Baitenmann, 1990). On the contrary India did not experience such a series of events, due to which NGOs are perceived in the same manner, by the public, as a regular non-profit.

The confusion in defining these organisations deepens due to absence of a uniformed legal framework. Ghaus-Pasha and Iqbal (2003) noted that the legal framework of registration for non-profit organisations is quite confusing in Pakistan, which is due to existence of multiple laws and lack of one clear and concise legal definition. There are seven laws under which a non-profit organisation in Pakistan can choose to register (Ismail, 2002). The majority of organisations choose to register under the four popular laws named the Societies Ordinance 1860, The Trust Act 1882, The Companies Ordinance 1984, and the Voluntary Social Welfare Agencies 1961. A 2002 report by Ghaus-Pasha et al. (2002) provided an estimated percentage of the registration status under different laws:

<b>Registration Status Of Non-profit Organisations</b>	
<b>Ordinance -Acts</b>	<b>Percentage</b>
Voluntary Social Welfare Agencies Ordinance, 1961	15.2
Societies Registration Act, 1860	40.5
The Trust Act, 1882	5.8
The Companies Ordinance (Section 42), 1984	0.3
Registered Under Other Acts	0.1
Unregistered – Applied For Registration	4.0
Unregistered – Not Interested In Registration	34.1

**Table 6 Registration Status of Non-profits in Pakistan (Ghaus-Pasha, 2002, Pg:15)**

Most of these laws go back to the British colonial rule before Pakistan’s independence in 1947. Some of the laws only cover how an organisation should register, while others cover the aspects of funding and

operations, and some laws are focused on restricting the distribution of profit among the non-profits' members and owners (Ismail, 2002).

Another interesting aspect of Pakistan's non-profit sector is the check and balance system. Since independence in 1947 to date, Pakistan has failed to create any check and balance system for the accountability and flow of funds in non-profit organisations. Transparency Watch Organisation reported that, with a few exceptions, most NGOs in Pakistan do not have a well-defined transparency and accountability structure as compared to similar organisations in developed countries such as the UK. It is also interesting to note that it is not compulsory for an NGO to register under any law before it can start charity and development works (Transparency-Watch-Organization, 1999). Lloyds (2005) reported that Pakistan established the Pakistan Centre of Philanthropy (PCP), which issues certificates to NGOs for tax exemptions for the donations, but this is a third party certification, which is not owned or run by the government. Rana (2004) confirmed that PCP was formally authorised by the Government of Pakistan in 2003, as there was no government mechanism to evaluate the non-profit organisations. Thus due to increasing demand for the accountability of such organisations, the government of Pakistan endorsed the certificate programme and also made it a requirement for availing tax exemption by the Central Board of Revenue (Pakistan Tax Authority) (Sidel, 2010). The centre's website recognizes itself as a non-profit organisations and a designated certification agency by federal board of revenues and Government of Pakistan. The confusion in legal identity also makes it hard to establish organisational identity of TVOs and NGOs.

Despite the fact that both, TVOs and NGOs, are serving the social causes they are very keen to be identified clearly as a NGO or a TVO. There seems to be multiple issues of identity prevailing in the sector. Unfortunately these organisations have not been researched from the perspective of organisational identity to see how and why they see themselves one way or the other. Earlier it was established that issues of identity or multiple identities exist for most of the organisations operating in

hybridity. The Pakistan's non-profit sector also seems to be made of hybrid organisations which choose to identify themselves on the basis of divide driven from their causes, reliance on local and foreign donors, and income generation ventures (which will be addressed in detail in the later part of literature).

## **2.4 FUNDING IN THE NON-PROFIT SECTOR**

Unlike governments, which rely on tax collections, and the private sector, which earns from selling of goods and services, non-profits do not have set rules for obtaining funding. Thus non-profits can access different sources for the purpose of funding, with their reliance on one or the other source depending on multiple factors. These factors are dependent on the environment non-profits operate in, the cause they serve, as well as their ability to generate revenues from their services. It is vital to understand the nature of funding in the sector as fundraising constitutes a critical function for non-profit organisations (Werther and Berman, 2001). It has been noted that funding sources of the non-profits have begun to change, and as Weisbrod (2000) pointed out, the non-profits are now venturing into the turf of the private sector by generating revenues from the selling of goods and services. The change in the funding sources, as well as the impact of the environment upon the selection of one funding source over another, means that this topic represents a case meriting further inquiry. The different funding sources of non-profits include private funding (donations, fundraising), public support (government grants), and commercial ventures (selling products or providing services at a price). Hodge and Piccolo (2005) noted that each of these types has its advantages and disadvantages. Fundraising requires time and administration, whereas Government funding is riddled with bureaucratic hurdles. On the other hand, commercial activity raises concerns about organisations losing focus on their main mission. Most of the academic debate has centred on private funding although it covers only about 20% of all non-profit revenue globally. The other sources of funding, namely commercial ventures and government funding, have been overlooked to a great extent in the literature (Fischer et al., 2011). Yet, government grants



are believed to contribute 43%, and commercial ventures 47% to the non-profit sector revenues globally (Salamon et al., 1999).

Collins (2005) divided the non-profits into four different categories according to their reliance on a specific type of funding. The first category included non-profits that largely relied upon government funding. These organisations needed to have great political skills and maintenance of public support. The second category comprised of organisations which relied on private donations and funding, and the leaders of such organisations needed skills in personal relationship building and fundraising. Third type of organisations were categorized as being dependent upon private funding and some income generation venture, which called for it to have expertise in fundraising and business insight. The fourth and final category comprised of organisations, which depended heavily on income generation ventures, requiring typical entrepreneurial skills and for-profit business strategy. The fourth category has also been referred as social enterprise in the literature, which will be covered in the later part of the chapter. The following section will explore private fundraising and donations in detail.

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#### **2.4.1 FUNDRAISING AND PRIVATE DONATIONS**

Boris (1998) pointed out that private donations can include contributions from individuals, corporations, and foundations. Individual giving comprises the highest percentage of private donations by accounting for 85%, followed by foundation contributions of 9%, and corporate giving of 6% in the USA. In the non-profit sector, fundraising refers to efforts that are targeted to raise financial support for a non-profit organisation (Lindahl and Conley, 2002). McGee and Donoghue (2009) noted that non-profit organisations are resource dependent, and they need to attract resources from the external environment. One way of attracting resources from the external environment is through fundraising. Werther and Berman (2001) explained that fundraising is not just about asking people for their money; rather it is about executing the organisation's vision, mission and cause and involving donor

participation in the organisation. In 2001, the American Association of Fund-raising Counsel Trust for Philanthropy recorded that the religious groups attracted highest fundraising contribution accounting for about 36% of total funds raised in USA, whereas the second largest share went to educational institutes accounting for nearly 14% of the total figure (Lindahl and Conley, 2002).

Brooks (2004) reported that in 2000, 20% of all non-profit revenues (\$130 billion) was donated by individuals. Some non-profits received giving from large donors, which were subject to naming an institute or programme after them. The large donations come from institutes, corporation, or wealthy individuals who felt connected to the organisation's cause (Werther and Berman, 2001). Evidence suggests that the large donors often dictate their terms while donating, these demands may include steering a programme and hiring of specific people to run it. They also often restrict the use of their large donations in different ways. The research suggested dependence on a few wealthy donors can negatively influence an organisation's mission and programme (Boris, 1998, Kelly and Lewis, 2010).

Fundraising activities involve considerable time and efforts and that is why certain types of non-profit institutes, such as hospitals and universities, are more involved in it than others (Lindahl and Conley, 2002). The reason may be that hospitals and higher education institutes have a large pool of human and financial resources, which can be spared for fundraising as compared to those available with smaller non-profits. Werther and Berman (2001) noted that in the USA fundraising can include annual giving campaigns and special events. Annual giving campaigns are designed to attract new donors and maintain the previous ones. Although annual may mean that organisations are asking for donations once a year, usually they remain in contact with donors through emails and telephone on a recurring basis during the year. Many non-profit organisations hold special events to attract donations, which may include dinners, outdoor festivals and competitions. This type of fundraising requires ample time, investment, and preparation, so many non-profits join hands to produce a combined effort.

The issue of costs is a major concern for the non-profit organisations when it comes to fundraising activities. The organisations not only try to generate returns from these activities but also that organisation's supporters are well aware of it (Sargeant and Kähler, 1999). Research by McGee and Donoghue (2009) on non-profit fundraising found that donors were attracted to a non-profit organisation's trustworthiness, which also communicated that the organisation was not business like and money oriented and would not distribute the donations as profit to its shareholders or owners. The trustworthiness also created expectation amongst donors that the organisation would not hold close relationship with money and focus on its core cause. Doble (1990) also emphasised that the donors wanted to see 75% of their donations spent on the organisation's cause but suspected that barely 50% were spent with the rest being expended in administration costs.

As McGee and Donoghue (2009, p.370) observed:

*“Professionalizing fundraising activities, therefore, may present a challenge to the managers of non-profit because it might imply to their pool of donors, or prospective donors, that their organisations’ perceived closer relationship with money means their organisations are moving away from their voluntary or non-profit roots”*

Due to these issues, non-profits have to strike a balance between spending on attracting new donors and keeping the previous ones, while also meeting the expectations of all donors. Most of the efforts require time and often money too. Hence, the top managers need to take a decision on how far they would be willing to spend on the fundraising activities and what they hope to gain from it (Werther and Berman, 2001). It has been noted that due to such efforts being time-consuming and challenging, many non-profits choose to depend on government contracts so they can focus more on programme development and implementation rather than on the challenges of constant fundraising (Smith, 1996).

The literature has discussed funding in non-profits in detail however there is little to suggest that funding plays its role in setting up the identity of a non-profit organisation. It will be interesting to explore how funding is playing a different role in the context of Pakistan's non-profit sector.

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#### **2.4.2 GOVERNMENT SUPPORT AND CONTRACTS**

Brooks (2004) noted that Government in general provides one third of non-profit revenue and in America alone it approximates to around 200 billion annually. Wiepking and Handy (2015) noted that in some countries government is the main contributor to the non-profit revenues, such as Ireland where it is 77.2% of total revenues .

Non-profits did not always have substantial government support, historically speaking according to Price (1965), Universities, one type of non-profits, started receiving Government funding during World War II, with the increase being directed towards the development of scientific products. By 1980's new laws were introduced to provide financial support to non-profits who were working in healthcare, social welfare, and poverty alleviation (Smith, 1996). Salamon (2015) noted that American government extended funding to non-profits in number of fields, from healthcare to research, that the public wanted but was reluctant to have government provide directly. The changed scenario in funding allowed the non-profits to grow substantially during this period. Hospitals, Universities and social welfare non-profits reduced their dependence on other forms of revenues such as fees and endowment fund and focused on expanding their outreach (Smith, 1996).

Luksetich (2008) noted that there can be three reasons for the Government to subsidise the non-profits. Firstly, it can secure voters' support. Secondly, the cost of operations for subsidising non-profits to run the programmes may be lower, and thirdly the availability of volunteers within non-profits can mean low HR costs as well. One form of government funding can be grants, which are made available to non-profit organisations for testing and evaluating new and innovative strategies. Other types of grants can

require the non-profit organisations to work in service delivery. Unlike the experimental grants for innovative ideas, these grants are on-going and long-term (Werther and Berman, 2001).

Concerns have been raised over the idea of governments becoming principal funders for non-profits. A study conducted in 26 health, human services, community, and economic development organisations in America showed that although the organisations had a diversified funding base, the majority of them relied mainly on government funding. The reliance however came at the cost of distorted mission and increased bureaucracy (Besel et al., 2011). It has also been noted that private donors tend to give fewer donations in the presence of government funding, thereby resulting in non-profits receiving reduced donations overall (Smith, 2007). This phenomenon has been referred as “*crowding-out*” in the literature. However in some cases government grants demonstrate the credibility of an organisation, and private donations might increase following the conferral of government funding (Smith, 2007, Hughes et al., 2014, Sokolowski, 2013). A study carried out by Hager et al. (2004) suggested that government grants could possibly lead a non-profit to closure, citing the excessive pressure of accountability and funding uncertainty. De Wit et al. (2017) noted, through a survey in Netherlands, that crowding out did not affect all non-profit organisations. It was likely to affect non-profits operating in the field of social services, health, and nature while international development remained unaffected. Interestingly these organisations, where crowding out was likely to happen, showed that the increase in donation did not affect the government support. It was concluded that the response to government support to the sector was largely dependent on the context of the sector.

Jiahuan (2015) suggested that non-profits with bureaucratic orientation and stronger domain consensus with government are more likely to receive the government support as compared to other non-profits. However dependence on government funding has led to high representation of government members in the board of directors, which leads to reduced representation of community members (Guo, 2007). An ethnographic research of 18 non-profits by Bernstein (1991) showed that the managers of these

organisations demonstrated illusion of compliance with irrational demands of government contracts. The managers reported that with the passage of time, they had learned the rules of playing the game of compliance of government rules while achieving the organisation's goals.

Salamon and Toepler (2015) concluded the debate by suggesting that government support to the sector is important as it has led to welfare partnership in Europe. However to make the arrangement work it's imperative that this partnership is carried in a way that it does not undermine distinctive characteristics of the non-profit sector. This usually happens when administrative tasks are made too complicated for the non-profits. Also it's vital that non-profits are not just involved in delivery of the programmes but also in their design.

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#### **2.4.3 FUNDING OF NON-PROFITS IN PAKISTAN**

The precise and updated figures on funding of non-profits in Pakistan are not available, as few non-profit organisations report their finances regularly, and much of the sector is based on unregistered organisations (Sattar and Baig, 2001). A few statistics by Johns Hopkins Centre of Civil Society Research, based on their limited research, suggested that Pakistani non-profits rely heavily on fees representing 51% of all revenue sources. The second largest source of funding was philanthropy, which provided 42.1% of the total revenue (Iqbal et al., 2004, Iqbal, 2006, Ghaus-Pasha et al., 2002). Ghaus-Pasha (2002, pg: 22) provided the following breakdown:

<b>Estimated Revenue Structure Of Non-profit Organisations (Percentage)</b>	
Fees And Charges	
Fees / User Charges	34.35
Sales Proceeds	3.45
Membership	4.36
Other Income	8.08
<b>Total Fees And Charges</b>	<b>50.24</b>
<b>Public Sector Payments</b>	<b>5.87</b>
Philanthropy (Private Giving) – Ingenious	
Foundation / Trust Donors	2.66
Business (Corporations)	0.95
Direct Individual	33.73
<b>Total Private Giving</b>	<b>37.34</b>
Philanthropy (Private Giving) – Foreign	
Foundation / Trust Donors	4.05
Business (Corporations)	1.91
Direct Individual	0.59
<b>Total Private Giving – Foreign</b>	<b>6.55</b>

Table 7 Estimated Revenue Structure Of Non-profit Organisations (Ghaus-Pasha, 2002, p:22)

As mentioned earlier that NGOs and TVOs rely on different funding sources. Ghaus-Pasha and Iqbal (2003) noted that the NGOs discussed in their study were funded by foreign donors, and that funding was given on the condition of serving the causes of advocacy and basic human rights. Ghaus-Pasha et al. (2002) reported the following breakdown of direct foreign funding to the different types of NGOs:

- Family planning 28.5%
- Hospital Care 22.3%
- Community improvement 12.7%
- Social Sciences Research 10.7%

Bano (2008c) study of 20 TVOs established that 100% of them were funded by local donors, and that they did not rely on international aid/donors. As Fischer et al. (2011) suggested, there exists a relationship between the nature of service provided by non-profit organisations and the revenue stream upon which they rely. For instance, the non-profit organisations offering services, which are public in nature, relied more on donations. On the other hand, non-profit organisations offering services private

in nature relied more on commercial activity to generate funding. Fischer et al made the following distinction between public and private services (Pg.663):

*“...”Private” services are those in which benefits accrue primarily to clearly identifiable individuals. Non-profit nursing homes, for example offer essentially private benefits, with patients and family members of patients as the primary beneficiaries. Alternatively “public” services are those resembling collective goods from which society or specific groups within the population benefit regardless of whether they directly participate in (or pay for) the non-profit’s programmes”*

However the claim is ambiguous as the example of private nursing homes may not be non-profit nursing homes, and no distinct example has been provided for public goods. Nonetheless, in the context of Pakistan a clear link appears where majority of public sector payments in Pakistan went to the non-profits which were working on community and neighbourhood improvement. On the other hand, a large percentage of foreign funds went to the non-profits operating in family planning and hospital care. FBOs took only 2.7% of government and 1% of foreign funding (Ghaus-Pasha et al., 2002).

Ghaus-Pasha et al. (2002) reported that Pakistani Government, in general, has shown little funding support for the non-profit organisations in the past few decades. The organisations which are registered under the Social Welfare Voluntary Ordinance (1961) can receive grants from the provincial social welfare department, while the other funding sources by the government include Pakistan Poverty Alleviation Fund (PPAF) and National Rural Support Programme (NRSP). Despite efforts, the total contribution of government funding to the non-profit sector has remained limited to 6% only, and even this included the bilateral and multi-lateral foreign aid.

In comparison to international figures of government funding which amount to 43%, Pakistan’s figures are very low. While the Pakistani government has shown some support at the policy level, it has failed to support the sector at the operational level. The government funding also seems to be influenced by the causes that non-profits in Pakistan choose to serve (Bano, 2008b, Iqbal, 2006). The government was



more supportive towards welfare and service providing roles of the sector (TVOs) but became hostile when it came to social and political advocacy (NGOs). This hostility has led to indirect efforts by the government to close these organisations down. However, recent times have seen some changes as governments has realised that the non-profits serving the advocacy causes have not become influential enough to affect voter choice in the electorate (Ghaus-Pasha and Iqbal, 2003, Pasha and Pasha, 2002).

The second largest source of funding for non-profits in Pakistan is private donations, which account for 43% of total funding. The funding from this source is very high as compared to the development and transitional figure of 17% and 12% for 34 other countries. The large figure of for this source is not surprising considering that in terms of “Giving”, Pakistan holds a higher percentage (0.23%) as compared to other Asian countries such as India (0.09%) when measured as part of the country’s gross domestic product (Salamon and Sokolowski, 2004). A survey of corporate giving found that 93% companies in Pakistan reported being involved in some sort of philanthropic activity. The survey reported that 75% companies were carrying out the activities themselves while 7% made donations to professional societies. A low level of professionalism was observed in the giving by companies with only 7% companies having well written policies on giving. The total giving figure was difficult to obtain as most companies refused to give financial figures. (Bonbright and Azfar, 2000).

A study conducted in 1998 found that Pakistanis contributed 41 billion rupees (1.5% of GDP) in giving and volunteered 1.6 billion hours (Bonbright and Azfar, 2000, Ghaus-Pasha and Iqbal, 2003). The spirit of volunteering and giving is embedded in Pakistani culture due to the Islamic system of “Zakat”. Zakat means giving 2.5% of your income to poor and needy. It has been reported that Pakistan and Sudan are the only Muslims states, which operate a government official system of Zakat, through which zakat is deducted in the holy month of Ramadan from the bank accounts. Most people have been reluctant to give Zakat to the government due to lack of transparency so they have contributed 14 billion PKR Zakat to charities in 1998 on their own. The official Zakat collection by government was three times less

(Bonbright and Azfar, 2000). A recent survey showed that the figure of individual philanthropy jumped to \$240 billion for 2013-14 (Pakistan Centre for Philanthropy, 2017).

The Charities Aid Foundation report on World Giving Index (2011) reported that India is ranked 91 as compared to Pakistan, which is ranked 34 in the world for giving. The report also suggested that natural disasters had a noticeable impact on giving in some countries including Pakistan. Pakistan took a jump from 142<sup>nd</sup> rank to 34<sup>th</sup> rank in 2011, due to the spate of fundraising and donation drives in response to the floods and landslides throughout the country in 2010. On the other hand, India took a jump from 134<sup>th</sup> rank to 91<sup>st</sup> in 2011 due to its experience of floods, cold wave and cyclone in 2010. However, a comparison of the rankings shows that Pakistan made a much higher jump (108 ranks) as compared to India (41 ranks), which confirms its renown in Asia for giving. CAF (2012) reported that when both countries' giving is not influenced by natural disasters, Pakistan is ranked 85<sup>th</sup> for giving as compared to India which comes in at 133<sup>rd</sup> among the countries surveyed.

A research study on 1,365 individuals conducted in 1999, which collected data through a 142-point questionnaire showed interesting findings on giving and volunteering in Pakistan:

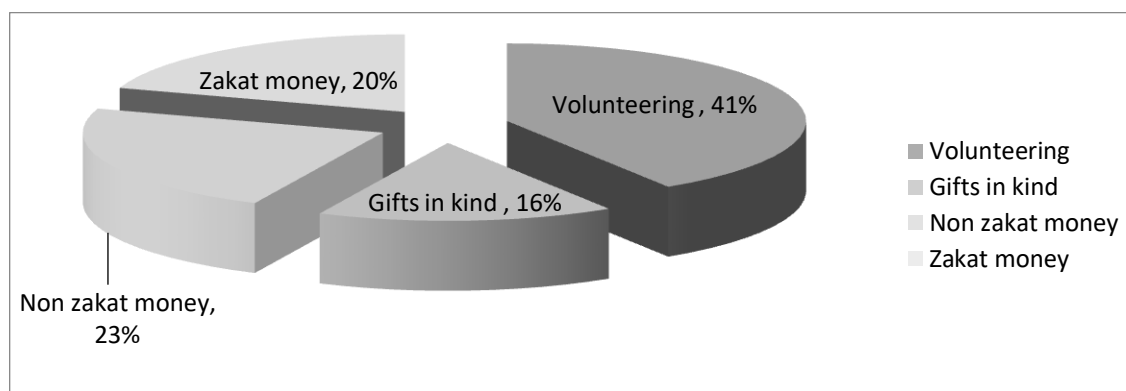


Figure 2 Giving and Volunteering in Pakistan (Bonbright and Azfar, 2000)

The graph shows that the non-zakat money and gifts in kind hold a significant percentage in “Giving” in Pakistan. This demonstrates that giving is not just influenced by the Islamic zakat system, but that people also like to give aside from their religious duties as well (Bonbright and Azfar, 2000).

It can be inferred that the funding of the non-profit sector in Pakistan is not well documented. Most of the estimates are based on limited research and are out-dated. While the literature discusses the funding differences between NGOs and TVOs (Bano, 2008b, Bano, 2008c, Iqbal, 2006, Ghaus-Pasha et al., 2002) it falls short of explaining why different funding sources exist in different types of organisations. Clearly TVOs identify themselves as TVOs because they do not rely on foreign funding, and NGOs identification is based on serving specific causes and reliance on foreign funding, which raises multiple lines of inquiries. One important line of inquiry is how and why these organisations choose to be identified as an NGO or TVO. Further whether the differences in the organisations have arisen due to their reliance on specific funding sources and why these sources are preferred by different organisations. It is also interesting to observe that while private giving is the second largest source of funding for the sector in Pakistan, NGOs choose to rely on foreign funding for their operations. Since all of these questions raise further questions of organizational identity, it is imperative to inquire in this area to understand the sector better. There are multiple gaps in the literature when it comes to funding of the non-profit sector of Pakistan. These gaps suggest that there is a vital need to understand how funding works in the non-profit sector of Pakistan and how it is being used by organisations to identify themselves. It is not possible to understand the issues of identity in the sector without an inquiry into all these questions. It is also essential to understand the sector in the context that it operates in, as this might be the reason for funding choices made by Pakistani non-profits.

## 2.5 INCOME GENERATION IN THE NON-PROFIT SECTOR

Researchers have differentiated between purely commercial and purely philanthropic organisations. Purely philanthropic organisations are those, which raise their revenues through donations, ask for no fee from their beneficiaries and rely solely on volunteers with no monetary rewards. Clearly not many non-profits fit in the category of pure philanthropic organisations, with most of them occupying a position between the philanthropic and the purely commercial (Dees, 1998b, Herman and Rendina, 2001). These income generation ventures have also been referred as commercial ventures, self-sustainability ventures, and business-like activity, in the literature, however for the sake of this study I will refer to them as income generation ventures.

Skloot (1987) defined income generation as *“sustained activity, related, but not customary to the [non-profit] organisation, designed to earn money”*(Pg:381) cited in (Dart, 2004). The sustainability discourse justifies long term vision and increasing revenues. The notion makes sense for fundraising, fees, and other so called business functions (Sanders and McClellan, 2012). Researchers have made distinction between non-profits and income generation based on values. Non-profits are built around social and voluntaristic values and goals with little focus on means and structure. Business like activities, on the other hand, are characterized by profit motivation and use of managerial and organisation design tools (Dart, 2004).

In an effort to understand what being business like really means, Dart (2004) studied a Canadian service delivery non-profit. The result showed that it may have 4 distinct meanings. One, business-like goals meant the programs that particularly framed their goals for the purpose of revenue generation. However these goals were also aligned with the non-profit eventual cause. Two, business-like organisation in terms of service delivery meant the services which non-profit adopted were commonly

associated with businesses and business planning. Three, business-like organisation in terms of management referred to the top management organisational level service delivery which meant strong managerial and entrepreneurial approach from the leader. Last but not the least, four, business-like organisational rhetoric meant rhetoric including using business terminologies, jargons, and discussions with reference to management theorists.

Foster and Bradach (2005) highlighted that with scarcity of funding, recession, and fewer aid sources, non-profits have started to rethink their approach towards operations all over the world. The contracting sources of funding have compelled non-profits to think 'outside the box' and to consider income generation and self-sustainability ventures on their own. Sanders and McClellan (2012) confirmed that being business like is considered a natural course of action for the non-profits due to growth of non-profits and non-governmental organisations around the world.

There can be several reasons for a non-profit to run an income generation venture. It has been suggested that these ventures provide an internal pool of funding, which reduces the non-profits' reliance on other sources and help them manage their administrative costs better (Dees, 1998a, Ecer et al., 2017). A study by Froelich (1999) concluded that commercial ventures offer greater flexibility to non-profits as compared to burdensome reporting and administrative pressure. Another reason for reliance on income generation can be the contracting sources of other revenue streams. The Philanthropic Giving Index (PGI) in America assessed that the "*giving environment*" had tumbled to its lowest level since 1998 with non-profits were continuously facing problems for revenue generation (Besel et al., 2011). Non-profits are inclined towards commercial ventures because it helps them better manage their overhead and administrative costs as compared to when they solely rely on donations (Ecer et al., 2017). Maier et al. (2016) noted that few of causes for organisations becoming business-like are exogenous, which include civic, political, and economies causes. Economic factors may include the

lack of funds and competitions with the private sector to gain those funds. Civic factors may include the particular actors in the non-profit arena who prefer business-like approach. Political factors stimulate a non-profit to adopt the business-like practices to judge accountability. Multiple other factors including the context that a non-profit operates in, organisational culture and ideologies can play a role in organisation adopting business-like approach.

The income generation of non-profits may come from commercial transactions, also referred as commercialization, which involves the sales of goods or services to people in order to earn revenue (Maier et al., 2016, Kelly and Lewis, 2010). Income generation ventures can be both related and unrelated to a non-profit's main cause. For example when a museum rents out a space for snack bar or operates it itself, it is unrelated to its main cause. However when a museum operates a museum gift store or preservation art services, it is related to the main cause of the organisation (Froelich, 1999). Smith (1996) explained that fee income is only one source of earned income. The other sources may include gift shops, book stores, sporting events, and real-estate development. The opposing views go side by side in the income generation literature, and it is hard to reach a conclusion over this. There are non-profits, which have set up unrelated income generation ventures. For instance, Save the Children, an international development agency, sells men's clothing to earn revenues (Dees, 1998a). Other cases include Pioneer Human Services; the Seattle based non-profit which offers training to former offenders and charges a fee. Another one is Juma Ventures, which provides employment opportunity to local youth (Foster and Bradach, 2005).

A survey by Massarsky and Beinhacker (2002) reported that income generation ventures varied across types of organisations. According to this survey, 60% of arts and culture, 47% of health, 43% of health services, 43% of public society, 42% of environmental, 33% of educational and 26% of religious organisations operated some sort of income generation ventures. Salamon et al. (1999) estimated that

in America, 43% of non-profit income in 1998 came from fees and charges, which exceeded government support of 37% and other sources (20%). The increase in fees and charges income marked a trajectory of more than 600% between 1977 and 1996.

Diversified funding has its own issues such as greater managerial and administrative efforts. Researchers understand the non-profits' need for self-sustainability but also warn that selling goods and services can be as time consuming as obtaining another source of funding (Kelly and Lewis, 2010). Consequently, the literature has opposing views on non-profits being business-like. On the one hand, it is emphasised that being business like is necessary, if non-profits want to successfully address their cause while being self-sustainable. On the other hand, the debate discourages non-profits from acting like a business, as it is likely to affect their ability to address their cause and maintain their difference from the other two sectors (Sanders and McClellan, 2012).

While appreciating the concept of non-profits being business like, Bush (1992) advocated caution by arguing that emulating the private sector by becoming excessively entrepreneurial can be very dangerous for a non-profit. The caveat is raised because non-profits and for-profits differ in their value orientation, with the former espousing social justice and voluntary action and the latter focusing on the production of goods and services for profit. Researchers have argued that the choice to set up an income generation venture is largely dependent on the nature of the social needs addressed, resources needed, and the ability to capture the economic value (Mair and Marti, 2006).

Three social ventures have been cited by researchers, which have served a social cause while becoming self-sustainable. These ventures are Sekem in Egypt, Aravind Hospital in India, and Grameen Bank in Bangladesh. These social ventures work on for-profit basis, and the generated profit is spent on the social causes (Mair and Marti, 2006, Weerawardena et al., 2010). However other researchers have claimed that these organisations, Grameen Bank more specifically, have failed in their social causes. Its

aim was to generate some short-term income generation projects for the poor, but in the long-term the Bank ended up making profits from their poor customers (beneficiaries) (Bateman and Chang, 2009).

Researchers, who believe that being business-like is now a necessary reality for non-profits, have widely cited Massarsky and Beinhacker (2002) report on enterprising non-profit in support of their position. The authors conducted extensive survey with US non-profits which were tax exempted under IRS code 501 (c)(3). The responding organisations included 31% human services, 18% public societies, 14% educational institutes, 11% health, and 9% arts and culture non-profits. The results showed that of the 519 non-profits surveyed, 42% were operating income generation ventures. These organisations were able to generate 12% of their annual net revenue on average from these ventures, with 35% making money, 19% breaking even, and 35% needing subsidies to keep the business going. However, other researchers criticised the report and questioned its credibility, proposing that the highly acclaimed successful profit making ventures are overrated as the estimates and financial numbers did not give an accurate picture of such ventures. According to their argument, many “successful” ventures did not consider indirect costs such as allocation of general overheads and senior management’s time, which usually led non-profits to believe that they were making a profit, when in reality they were making a loss (Foster and Bradach, 2005). Lampkin (2002) argued that although overall non-profit revenues have gone up to \$632 billion in 20 years from \$109 billion in USA (1977-1997), the percentage of earned income had barely moved going on from 53% in 1977 to 54% in 1997.

Sanders and McClellan (2012) in an effort to answer how non-profits practitioners negotiate this tension in a practical manner, conducted an eight month ethnographic field study on a single US non-profit organisation. Their research concluded that the non-profit organisation had a sizeable budget and successful programs but was still under constant pressure for fundraising, cautious allocation of resources, and if expenses were producing appropriate outcomes. The employees of non-profit clearly identified the organisation as business like but also appreciated that non-profit and business are not



exactly the same. The members of staff suggested that being business-like was using the money responsibly and not necessarily running it like traditional business logics. It was clearly understood that if they did not raise the money they couldn't fulfil the social mission. While it was deemed a business the sentiment suggested that cause was given more importance.

The question, as to why non-profits have been unable to succeed in for-profit ventures, has been answered in different ways by different researchers. A few have suggested that as the non-profits are trying to fulfil a social agenda and make a profit with their ventures, they tend to under-price their products and services in order to be affordable to their target market. Such an approach does fulfil their social agenda but proves harmful for their for-profit venture (Foster and Bradach, 2005). Other researchers have suggested that non-profits are not run by people with business skills, while there is no shortage of passion, they are not very business savvy (Sanders and McClellan, 2012). It has also been suggested that income generation ventures shift the focus of the non-profit organisations from serving their cause to profit making. Dees (1998, p. 57) noted,

*“Like the proverbial tail wagging the dog, new sources of revenue can pull an organisation away from its original social mission. Consider the YMCA. The organisation today generates substantial revenues by operating health-and-fitness facilities for middle class families, but critics charge that the YMCS has lost sight of its mission to promote the spiritual, mental and social condition of young men.”*

However, Kelly and Lewis (2010) reported that commercial activity helped non-profits focus more on their mission and that distraction from the mission essentially came from funding issues. Hughes and Luksetich (2004) supported this by highlighting that non-profit art organisations did not divert from their mission, despite having more commercial activities. Dart (2004) also concluded that despite difficulties the Canadian non-profit was able to align the goal of being a non-profit with being business like. The revenue generation from the business was a direct fulfilment of the mission of the organisation. FC (the Canadian non-profit) generated its revenue by producing the social good.

Another question has been raised about the impact of income generation ventures on other sources of funding for a non-profit. A survey using data from 1992 reports, by the chapters of the American Red Cross, examined the impact of income generation activities on the other sources of revenues. Findings revealed that profit from the sale of health and safety services “crowded out” (decreased) donations. To contextualise this, one additional dollar of profit decreased the donations by \$3.59 (Kingma, 1995). Using IRS data, collected between 1985-1993 of 2,679 large non-profits in America, Segal and Weisbrod (1997) similarly confirmed that commercial income and donative income were negatively related. Herman and Rendina (2001) reported otherwise and suggested that most donors and volunteers seemed indifferent to the commercial activities of the organisation. Some donors who showed interest in the commercial activity suggested that if the commercial activity were helping the organisation’s cause they would approve of it. However the survey had many limitations including a small sample size, respondents belonging to one organisation, and one metropolitan area, with most donors giving small amounts of charity to the non-profit. In general the literature has reported mixed results on the success and failure of commercial ventures, and its positive and negative correlation with donations. Weerawardena et al. (2010) rounded off the debate by suggesting that for a non-profit, sustainability not only means that the organisation continues to fulfil its mission, keeps its clients, communities and patrons satisfied, but it also means that the stakeholders of a non-profit can put their trust in the organisation for addressing its cause.

Researchers have discussed the effects of becoming business-like on different functions of non-profits. These effects can be in organisational performance, societal function, knowledge, and legitimacy. Organisation performance is judged on securing financial and human resource, both showing an inconsistent picture. The societal function has often been discussed in light of mission drift; however as discussed above, the findings have not been conclusive. The debate on knowledge discusses the issue of

*subjectivities* which reframes the beneficiaries as consumers and donors as investors. The effects have also been discussed on relation to legitimacy of non-profits, which again are inconclusive as researchers have reported both, increased and decrease in legitimacy (Maier et al., 2016). Income generation activities are also known to affect the employees and leaders of the non-profits in different ways. Sanders and McClellan (2012) research with a non-profit, with an income generation venture, concluded that staff members and CEO of the non-profit referred to themselves as *Stewards*, which implied that leadership needed to carefully watch over resources for the benefits of the participants. Stewardship basically suggested that the members took personal responsibility for organisation's success and wellbeing.

Dart (2004) noted that the recent literature on non-profit and for profit relation, social enterprise, and non-profit commercialization have led to development of different construct of business-like in non-profit context. There is potential connection between social entrepreneurship concepts and managerial concepts in the non-profit sector. Consequently researchers have asked if the commercial activity of non-profits categorizes them as social enterprise (Defourny and Nyssens, 2010, Dees, 1998a).

## **2.6 SOCIAL ENTERPRISES**

Social enterprises (SE) have been defined as organisations which serve a social mission through sustainable business ideas. It is different from profit oriented businesses and entrepreneurship because the main purpose is to serve the social cause. These organisations hold characteristic of non-profit as well as for-profit organisations (Wang et al., 2016, Young, 2001b, Mair and Marti, 2006). As discussed earlier most of hybrid organisations in the non-profit sector are referred as social enterprise due to their reliance on income generation activities, however alike hybrid organisations it is problematic to define non-profit social enterprises as well.

Doherty et al. (2014) analysed 129 papers, written on social enterprise and social entrepreneurship, and suggested that social enterprise definition varies in regional context. In USA, SE's are believed to be organisations which are dominated by market based approach and income generation. In Europe, SE's are focused on collective social action while the United Kingdom government defines SEs as businesses which emphasise social objectives and are driven by it. Austin et al. (2006) defined social enterprises as innovative organisations which are focused on value creating activities. Researchers have suggested that social enterprises are not a new type of organisations rather an evolutionary form of non-profit organisations. The evolution has taken place due to non-profits increased reliance on commercial activities to generate revenues (Doherty et al., 2014, Roy et al., 2017). It has been suggested that in social enterprise the priority is social change and not profit maximization. Their pre social motivations can be described by an example where a social enterprise hires people with disability in order to serve a social cause (Doherty et al., 2014).

The range of social enterprise is quite broad, from the non-profits which have commercial ventures to for-profit organisations driven by social cause (Young, 2001b, Bryce, 2014, Abu-Saifan, 2012). Mikami (2014) noted that academics have debated, if social enterprise can be called non-profits or for-profit organisations ,based on two aspects; ownership (public or private) and objective (for-profit or non-profit). However the same author also argued that ownership and objective might not be right characteristics to define a social enterprise as the structure of ownership may lead to the objective of an organisation. If a social enterprise is owned by investors it will lead it become a for-profit entity as compared to when ownership is with general public which will lead it to become non-profit. The reliance on commercial activity also stirs the debate if social enterprise can be called a non-profit, which mostly relies on grants. However the extent of commercial activity is not determined for social enterprise which can have minimal to full reliance on commercial activity (Doherty et al., 2014). Bryce (2014) agreed that

since the extend of commercial activity is not determined it makes it complicated to differentiate between a non-profit, which is serving the cause with the help from its income generation ventures, and a social enterprise, which runs a business to serve a social cause. Dees (1996) noted that the social enterprise have traditionally been structured as non-profit organisations . This means that the owners or controlling party have no claim on the profit or surplus of the organisation. However the variation in the non-profit structure lead to varied economic structure too, with many non-profits heavily relying on donations while other making majority of their revenues from fees. One clear issue these organisations face is to strike a balance between social and private benefits and accordingly decide the structure and strategy of the organisation (Young, 2001b). Daya (2014) concluded by suggesting that there is no consensus on the definition of social enterprise, however it can be agreed that these SEs prefer social cause over the profit maximization and involve and serve people from marginalized communities through their viable businesses. .

Researchers have discussed the non-profit organisations turning into social enterprises due to multiple reasons. Wang et al. (2016) research with Chinese social enterprise suggested that since most non-profit organisations in China do not have independent resources and legal identity, social enterprises, a new form focused on social value through profitable business, is gaining popularity. The emergence of SEs is seen as an important direction for altering the non-profit organisations in China. Smith et al. (2010) suggested that these hybrid forms are taken by non-profits as they offer flexibility. The benefits include sustainable sources of income and less reliance on donation and other requested forms of finances. However there has also been debate about mission drift of social enterprises. SEs are legally allowed to make profit, and unlike non-profit distribute it among its members and owners too, but not focus on profit maximization only. The hybridity of SEs has been held responsible for the mission drift. The focus on achieving financial sustainability can be on the expense of social mission (Doherty et al., 2014).

Theoretically speaking it seems that all non-profits which are operating income generation ventures can be called hybrids and social enterprises, which also takes us back to the question of identity for these organisations. As Young (2001b) noted that social enterprise members need to give greater thought to identity to have an optimum balance between the cause and business. Businesses on the other hand have a clear identity as they simply see themselves as profit making entity which needs to benefit its shareholders (Young, 2001a). Aiken (2010) suggested that social enterprises have a hybrid identity as they are not only drawing on revenues from commercial resources but are also relying on grants, donations, and loans. Doherty et al. (2014) confirmed that social enterprises' dual purpose of financial stability along with serving a social cause is leading to creating issues of organisational identity. Some researchers have suggested that social enterprises may have multiple and sometimes conflicting organisational identities (Tracey and Phillips, 2007). Others believe that these multiple identities can be managed (Pratt and Foreman, 2000). Smith et al. (2010) researched how the non-profit social enterprises deal and manage the issue of multiple identities. The research included 27 non-profit organisations which developed to be social enterprises. The research revealed that these organisations faced some identity tension. The organisations were divided in two types, one, social enterprise: after conception, and two, social enterprise: at conception. The "*Social enterprise: after conception*" were those organisations where non-profit agenda existed earlier and social enterprise was added later. On the other hand "*social enterprise: at conception*" were those organisations where non-profit and social enterprise developed at the same time. Compared with Billis (2010a) categories of hybrid third sector organisations 'social enterprise: at conception' can be categorised under enacted entrenched while 'social enterprise: after conception' can be categorised under organic entrenched. Smith et al. (2010) concluded that "social enterprise: at conception" faced less identity tension as compared to non-profit where social enterprise was introduced later.

It is not difficult to see that non-profits' alternate source of revenue, income generation ventures, is playing a significant role in their identity. It is considerably hard to differentiate between a pure non-profit and a non-profit social enterprise. The tension does not just seem to exist at the non-profit level but differentiating the social enterprise from private firms, with CSR initiatives, is also very difficult. Since Pakistan's non-profit sector earn majority of its revenues from fee, it will be interesting to establish if these non-profits are operating as social enterprise.

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#### **2.6.1 INCOME GENERATION IN NON-PROFITS AND SOCIAL ENTERPRISE IN PAKISTAN**

Despite the growing popularity of income generation in the non-profit sector, and Pakistan's non-profit sector heavy reliance on it, the literature falls short of proposing much on Pakistan's context. Fees represent the largest revenue base for Pakistani non-profit organisations contributing 51% of total funding (Ghaus-Pasha et al., 2002). Since the sector is clearly divided, it will be interesting to establish which type of organisation opt for income generation ventures and why. Generating income is not only about raising funds; rather it is about making the organisation self-sustainable so that it relies less on other sources of funding. The uncertainty in the economy and limited funding support from the government could be possible reasons for non-profits seeking to generate their own income; however these are speculations, which can only be addressed through empirical research. It will also be interesting to establish if these non-profits are operating as social enterprise.

There is limited research available on social enterprise in Pakistan with few focusing on numbers and activities of these organisations. Islam (2007) research with a social enterprise, which gave loans to poor so they could start their business and become self-sustainable, revealed some interesting findings. The author suggested that the social enterprise failed to meet its purpose, which was to lift people out of poverty, due to multiple reasons. One of the reasons was lack of government support to set up these social enterprises and fund them. The author concluded that that social enterprise can become

successful in Pakistan if they are set up in collaboration between a non-profit funder and a small business which have the capacity to expand.

British Council's report on state of social enterprise in Pakistan, surveyed 143 social enterprises, suggested that SEs have a turnover of £34,000 with 7,191 employees and with expectations of growth. It seemed that the organisations considered social enterprise for the research fell in two categories; organisations that placed social/environmental mission above or alongside profit-making and organisations using profit/surplus to further organisation's mission. 53% of these SEs served in education and 30% in the health and social care. The authors suggested that based on small unrepresentative sample it is predicted that there may be 448,000 social enterprises currently operating in Pakistan (Ahmed et al., 2016). The claim seemed rather farfetched as multiple estimates of the Pakistan's non-profit sector report a maximum of 100,000 non-profits in the country. It was also difficult to infer if the sample size included only private firms with CSR initiatives or non-profits with income generation activities. The report suggested that with the absence of legalisations to monitor or support the social enterprise and specific legal registration mechanism, majority of the SEs fell between for-profit and non-profit category. Interestingly majority of these SEs showed little understanding of the term 'social enterprise' (Ahmed et al., 2016, Yasir et al., 2016).

Social enterprises are not legally identified in Pakistan, so it is hard to establish if these SEs are operating as non-profits or for-profit firms. However the majority of revenues in Pakistan's non-profit sector are coming from fee income so it would be stimulating to explore if (and why) the non-profits, chosen for this study, consider or not consider themselves a social enterprise.



## 2.7 SUMMARY OF LITERATURE AND RESEARCH QUESTIONS

Significant research has been carried out to understand the growth of non-profit sector in developed countries. Literature reveals that it's problematic to agree on a single definition of non-profit sector due to multiple reasons. The variation in definition is due to different laws, variety in sources of funding, and reliance on both volunteers and paid workers. Non-profits venturing into businesses has clouded the sector with hybrid organisations. These hybrid organisations are occupying the intermediate point on the continuum where non-profit and for-profit organisations take the extreme position. There is also a rich debate about identifying these organisations as social enterprise. However there is lack of agreement on differentiating between for-profit social enterprise and non-profit social enterprise. Consequently, these matters are leading to blurring the lines between different sectors and also creating issues of organisational identity.

Organisational identity (central, enduring, and distinctive attributes) is particularly important for non-profits because their identity is embedded into social cause. Traditionally, non-profits have relied on private donations and Government grants for funding. But with decrease in donations globally and hurdles of bureaucracy in obtaining government grants, non-profits are now considering income generation as an alternate funding source. However with non-profits increasingly venturing into business turf, their organisational identity is becoming complex. The hybrid non-profits are now carrying multiple identities which can be in conflict with each other. There is quite a rich literature available on issue of organisational identity in non-profits in the developed countries; yet it falls short of proposing much on the specific context of developing countries. Pakistan, one of the developing countries, presents an interesting picture of the non-profit sector.

The non-profit organisations in Pakistan are being identified one way or the other based on their funding sources and causes. TVOs are being identified on their local funding and NGOs on their foreign

funding sources. TVOs are known to serve health and education while NGOs serve advocacy causes. The reliance on foreign funding and advocacy causes has created a negative image of NGOs in public. While the literature recognized the difference in identity but falls short of suggesting how these non-profits choose to identify themselves as TVOs or NGOs and why they have preference of certain funding sources and causes. The literature also fails to discuss the role income generation, accounting 51% of the sector's revenues, plays in shaping the identity of these organisations, and conversely, how organisational identity shapes income generation ventures. It is not clear if non-profits in Pakistan, with such heavy reliance on fees, are operating as non-profit social enterprise. The absence of studies on funding and income generation has created a wide gap in the literature. It is quite problematic to understand the sector without first understanding the nature of funding. On the surface, the sector may seem quite similar to its counterparts in developed countries, as the non-profits are similarly serving religious based causes, delivering social services, and are involved in making health and education better. But unlike the developed countries, the sector in Pakistan has three segments, which, on the basis of the type of funding sources, identify themselves as NGOs or TVOs. The presence of income generation ventures in the sector also raises further questions about the identity of these organisations. Another interesting line of inquiry is to look at these non-profits in the context of an uncertain economy and absence of government support, which may be the reasons for running the income generation ventures. These challenging aspects need further exploration so the sector can be understood in the context that it is operating in. None of these queries have been addressed in the literature surveyed. Based on the above, the research will explore the relationships between organisational identity and funding in TVOs and NGOs in Pakistan. In particular, it will explore how funding preferences and the presence of income generation ventures shape, and are shaped by, organisational identity. Consequently the research questions driving this study can be outlined as follows:

1. How do TVOs and NGOs construct their identity as non-profits?
2. How and why these organisations use/prefer different funding sources to construct their identity and reciprocally how does organisational identity informs funding?
3. How and why these organisations use (or not use) income generation ventures to construct their identity and reciprocally how does the identity informs the use of income generation ventures?

### 3 CHAPTER 3: METHODOLOGY

#### 3.1 METHODOLOGY AND RESEARCH DESIGN

The research philosophy or the paradigm defines a researcher's beliefs about ontology, epistemology and methodology. These theoretical perspectives ask the following questions: "*what is the nature of reality?*" (Ontology), "*what is the relationship between the research and that being researched?*" (Epistemology) and "*what is the process of research?*" (Methodology) (Creswell and Clark, 2007). Blaikie (1993, p.6) suggested that the "*two most central concepts in philosophy are ontology and epistemology*". Respectively, these determine what researchers believe to be reality, for instance whether it is fixed and knowable reality or dynamic and constructed in interaction with others. It also defines the relationship between the knower and the known that whether the researcher is external to this knowledge or internal to it.

The epistemological beliefs of the researcher are guided by his or her ontological beliefs, and it is very difficult to separate the two. I will be using "*Interpretivism*" as the research philosophy for this inquiry. Ernest (1994) noted that interpretivism is also referred to as constructivism as it emphasises the construction of meaning by individuals. According to interpretivism, the main difference between the natural and social sciences is that natural science has to be explained from the outside and scientists have to report the phenomena as it appears. However, Blaikie (1993) argued that the social world has to be understood from inside, from the point of view of social actors who negotiate, create and recreate the meaning of this world.

So how can we define the ontology and epistemology of interpretivism? Blaikie (1993, p.96) has defined interpretivist ontology as follows:

*“Interpretivism entails an ontology in which social reality is regarded as the product of processes by which social actors together negotiate the meaning for actions and situations”*

The ontological stance of interpretivism suggests that reality is not simply out there, and that it is conditioned upon the social actors’ behaviours and their relations with one another. The social actors create the reality together by negotiating with their actions and the situation. As their behaviours and actions change with time, the social actors can transform reality, which means that socially constructed reality can have several meanings. In this context, Guba (1990, p.27) has noted that the *“multiple mentally constructed realities exist depending on their form, content and the persons who hold them”*.

This ontological stance is in correspondence with my research area, as my research focuses on organisational identity of TVOs and NGOs based on funding and income generation decisions. The perceived reality of funding from different sources in non-profit organisations, expenditure of the funding according to the organisational cause and reliance on multiple sources of funding are all part of multiple perceptions of reality. Although the reality of “funding and income generation” is one, the perceptions that are held by the social actors are multiple and complex. For instance Bano (2008b) concluded that NGOs are perceived positively by the donor agencies in the expenditure of the funds, and that the donors feel that their money is spent on the right cause and reaches the right people, however most people in Pakistan perceive that NGO funding sources and spending ways are suspicious and that they advance a foreign agenda. Thus, it can be inferred that one reality can hold multiple meanings as it switches from one social actor to another. The next question concerns the nature of the social actors holding multiple realities for this research (funding, and income generation). The social

actors considered in this study are the workers of non-profit organisations, the donors, and the beneficiaries<sup>1</sup>.

How one goes about defining epistemological beliefs largely depend on one's ontological beliefs. Guba and Lincoln (2006) argued that if an objective ontology is selected, it is natural for an epistemology wherein the knowledge is gained with an objective distance to prevail. Similarly, when an interpretive ontology is selected wherein the existence of multiple realities is accepted, objective distance will not make sense. Rather "interactivity" to understand the constructed realities will be chosen to gain knowledge. Blaikie (1993, p.6) defined interpretivist epistemology in the following way:

*"In its epistemology, knowledge is seen to be derived from everyday concepts and meanings. The social researcher enters the everyday social world in order to grasp the socially constructed meaning and then reconstructs these meaning in social scientific language"*

Guba (1990, p.27) suggested that interpretivist epistemology assumes *"knowledge [to be] subjective and is constructed through the interaction of the researcher and the objects of the enquiry"*. Burrell and Morgan (1994) have commented that interpretive researcher seeks to understand the world through subjective level experience. Hence, the researcher tries to seek understanding through the lived world of the participants rather than to act just as an observer of the action.

Flower (2009) noted that all the knowledge is related to the social actors, and that the researcher work alongside the subjects to see how they make sense of and create reality, which means that the findings are a result of the interaction of the researcher and subject and not just an observation of the subject's behaviour. Since the focus of interpretivist epistemology is on understanding the meaning driven from

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<sup>1</sup> Before the research began, it was intended that the social actors circle would involve the benefactors and the beneficiaries to gain a complete picture of funding and income generation. However donors were inaccessible while the beneficiaries' data was excluded due to issues of bias.

everyday experiences and concepts, it was in correspondence with my research question. As a researcher, I will explore the everyday world of the subjects or the social actors who have created multiple realities and continue to recreate them. By comparing and contrasting the individual constructions, I hope to find significant consensus and contradicting views about the same reality. Both consensus and contradictions are important in building theory for my research.

As “*interactivity*” is an important element of interpretivism, qualitative methods will be used to collect and understand individual constructions. Qualitative methods allow more “*interactivity*” and freedom to collect the data. I am looking for a theory building inductive approach for my research and it needs a method which allows to adopt, change, and be open-minded. The data for the research will be collected through in-depth semi structured interviews and observations. Since an understanding of social actors’ world is important, interviews will be conducted to get insight into funding and income generation. Observations will be used to gain understanding of participants’ behaviour. The interviews and observations will be recorded, transcribed and translated (from Urdu to English) for the purpose of analysis.

### **3.2 RESEARCH STRATEGY**

Easterby-Smith et al. (2008) noted that the research strategy defines how the research will be carried out and how the data will be collected and analysed. I have chosen the case study strategy for my research. Although the strategy has been criticised for being weak on generalizability and validity, Stake (2013) recommended that this strategy is less concerned with issues of generalizability and validity and more concerned with presenting a rich picture of the phenomenon studied. To produce rich picture of the phenomenon four non-profit organisations were selected in the Islamabad region. Two of these organisations were traditional voluntary organisations and two were foreign-funded NGOs. Purposive or judgmental sampling was used to select these organisations. The selection was based on multiple

factors. One important factor was that these non-profits clearly identified themselves as an NGO or a TVO. Another selection tool was the presence of income generation venture (current or closed down) at their organisation. Since the research strategy was based on case study it was imperative to select the cases which were willing to share the data openly. Few non-profits in Islamabad showed willingness to do so; among these fewer had income generation ventures. Based on willingness of these organisations, their clear identification as a TVO and NGO, and presence of income generation ventures, were the key criteria for selection of these four non-profits.

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### **3.2.1 THE CASE STUDY APPROACH**

The case study methodology has been proposed and developed by two main authors, namely Robert Stake and Robert Yin. Although both of them imply different methods in this methodology, their main focus remains the exploration of phenomena from the participant's (subject) point of view. They also agree that the strategy is best used when the researcher believe that the truth is relative and dependant on the subjects' perspective (Baxter and Jack, 2008). Yin (2003) defined the case study as an empirical inquiry, which investigates a real life contemporary phenomenon while exploring it with multiple sources of evidence. Similarly Baxter and Jack (2008) have noted that the case study approach is used when the researcher wants to make sure that the issues under consideration are explored through multiple lenses. Explanatory, exploratory, or descriptive case studies can be used to explain the phenomena; my research is going to be based on exploratory case study approach. Yin (2003) noted that the exploratory case study is used when the research on a specific situation may not result in a clear single set of answers.

Yin (2003) explained several research strategies, aside from case study, that can be used by the researcher. These include experiments, surveys, archival analysis, and history. However in view of my



research questions, the case study strategy was found to be the most suitable for my study. This can be explained by reviewing the following comparison table from COSMOS-Corporation (2000) report.

Strategy	Form of Research Question	Required Control of Behavioural Events?	Focus on Contemporary Events?
Experiment	How, Why?	Yes	Yes
Survey	Who, What, Where, How many, How much?	No	Yes
Archival Analysis	Who, What, Where, How many, How much?	No	Yes/No
History	How, Why?	No	No
Case Study	How, Why?	No	Yes

**Table 8 Case Study Strategy (COSMOS-Corporation, 2000)**

All of the above mentioned research strategies have their benefits and drawbacks. However the Survey and Archival analysis were ruled out for this particular study as both focus on descriptive questions of who, what, how many and how much? Such a strategy would have been useful if my research questions had been focused on collecting numbers and figures rather than exploring the “*why*” question. The why questions are focused on looking at issues of organisational identity connected with funding and income generation in the ideologically divided non-profit organisations. Experimental research was not considered as a potentially viable research strategy as it requires the control of behavioural events, which did not correspond with the intention of the research questions framing the study. As the study was more focused on current events, the history approach was discarded due to its focus on past events rather than contemporary ones. Hence, the Case Study approach was found to be appropriate for addressing the research questions posed in this study.

Although the case study strategy uses many of the same methods as history when collecting the data, it involves two methods, which cannot be used in history due to temporal realities, namely observations and interviews. Yin (2003) further outlines the conditions applicable to case study approach:

1. The study wants to answer “*how*” and “*why*” question
2. The subjects behaviour cannot be manipulated

3. The contextual conditions are required to be covered because they are relevant to research.
4. The boundaries are not clear between phenomenon and the context

The following discussion focuses on the four conditions outlined by Yin in the context of this research.

This study looks at how the chosen organisations form their organisational identity and will try to answer multiple “*how*” and “*why*” questions related to organisational identity, preference of funding sources, chosen causes, and income generation ventures. Thus the first condition for using the case study approach is fulfilled. In line with the second condition, the research also describes the participants as the social actors who create and recreate reality, thereby aiming not to affect the subjects’ behaviour but rather to explore reality from their point of view. The 3<sup>rd</sup> condition of contextual condition is also very important for this particular research. As this study will try to explore the phenomena in the particular context of Pakistan and then in the context of different types of organisations (TVOs and NGOs), it fulfils the third condition outlined by Yin (2003). The fourth condition requires that the boundaries between the phenomenon and context to be studied are not clear. In this inquiry, the phenomenon of organisational identity along with funding and income generation, and the context of the organisation’s type were not separable, thereby fulfilling the fourth condition outlined by Yin. The case study methodology is particularly useful when the researcher aims to understand a complex phenomenon. In the case of this research it was not possible to separate the phenomena from the context.

Yin (2003) noted that when it comes to case study design, the researcher can select a single case or multiple case studies. Multiple case studies are chosen when the research aims to explore difference between cases by drawing comparisons and when contrasting results are predicted based on a theory. Based on my research, I expect to draw a comparison between two types of organisations and build upon theory from the results. Yin (2003, p.47) observed that “*the logic underlying the use of multiple case studies is the same. Each case must be carefully selected so that it either (a) predicts similar results*

*(a literal replication) or (b) predict contrasting results but for predictable reasons (a theoretical replication)”. Four organisations in total (two NGOs and Two TVOs), and two organisations from the similar category (for instance two NGOs) were chosen so a literal replication could be achieved for conclusive consensus. On the other hand, the two types of organisation (NGOs and TVOs) were chosen to find contrasting results. Stake (2013) suggested that the choice of multiple case studies can also address the concerns of external generalizability. Analytical conclusions which are drawn from two independent case studies with different contexts (to some extent) are more powerful as compared to one single case study. With different circumstances surrounding both cases if researcher is able to reach some common conclusion it vastly expands the external generalizability of the study.*

Yin (2003) and Baxter and Jack (2008) explained that there are four steps in designing the case study research,

1. The study questions
2. Its propositions, if any;
3. Its unit (s) of analysis;
4. The logic linking the data to the proposition; and the criteria for interpreting the findings.

The study questions of this research have already been discussed in detail in the section 2.6. The questions deal with the How and Why aspects of the research. The second step is about the propositions of the study, which predict the potential answer, for instance the idea that TVOs do not go for foreign funding because they do not want to be labelled as advancing a foreign agenda. However Yin (2003) also confirmed that it is not necessary to have a proposition for every study question, and that this is specifically true of exploratory case studies. Although as a researcher, I had some idea about the possible answers for my research questions but I preferred to let these emerge, or not, in the data.

The third step consists of defining the unit of analysis for the case. The unit of analysis may be an individual, several individuals, country’s economy, an industry or an organisation. The unit of analysis of this research was comprised of the four organisations. Since the focus was on specifically on

organisational identity, funding and income generation, every individual member of the organisations was not included; rather the management and employees dealing with funding and income generation were interviewed. The fourth step ‘*logic linking the data to the proposition*’ and the criteria for interpreting the findings have been least developed in the case study research strategy. This is covered in detail in the data analysis section.

Every research strategy has its drawbacks, and the case study strategy for all its advantages has also been critiqued. Dul and Hak (2008) confirmed that the biggest criticism levelled at the case study research is alleged lack of generalizability of the results. Critics often asked how one case can be generalised so as to help in drawing scientific conclusions. Yin (2003, p.10) responded to this criticism,

*“ ..consider for the moment the same question had been asked about an experiment: “how can you generalize from a single experiment? “In fact, scientific facts are rarely based on single experiments; they are usually based on multiple set of experiments that have replicated the same phenomena under different conditions. The same approach can be used with multiple case studies but require a different concept of the appropriate research designs.”*

While case study strategy, or any qualitative research strategy for that matter, tends to be weak in terms of generalizability and reliability, according to Yin (2003), these problems can be resolved by running the test of construct validity, internal validity, external validity and reliability. Table 9 illustrates how these tactics can be used and the circumstances under which these tactics apply:

Tests	Case Study Tactic	Phase of Research in which Tactic Occurs
Construct Validity	Use multiple sources of evidence Establish chain of evidence Have key informants review draft case study report	Data collection Data collection Composition
Internal Validity	Do pattern matching Do explanation building Address rival explanations Use logic models	Data analysis Data analysis Data analysis Data analysis

External Validity	Use theory in single case-studies Use replication logic in multiple case studies	Research design Research design
Reliability	Use case study protocol Develop case study data base	Data collection Data collection

**Table 9 Validating Case Study Research (Yin, 2003)**

The first step in achieving validity in case study is “construct validity”, which deals with “*establishing correct operational measures for the concept being studied*” (Yin, 2003, p.34). To achieve this, multiple sources of data collection are required, as in this study, which makes use of interviews, field diaries, and documentary evidence to fulfil this requirement. The chain of evidence is established with verification and cross checking of data from different sources. The information providers reviewed and confirmed the collected data so that researcher bias can be avoided. Although the internal validity is not applicable to this research as Yin (2003) recommended that this step is applicable only for explanatory casual studies, the steps of data analysis included pattern marching, explanation building, and addressed rival explanation. The third step of external validity has been most criticised in the case study methodology. External validity defines if the research results can be applied outside the immediate case study or can be generalised to the larger population. Since case study methodology focuses on one or few specific organisations or individuals, the approach is considered to be lacking in this respect. However Yin (2003) suggested that the case study is misunderstood vis-a-vis generalizability. While surveys rely on statistical generalizability, the case study strives for analytical generalisation, which is the generalisation of particular results to some broad theory. It is accepted by Yin (2003) and Stake (2013) that the results of a particular case study cannot be applied to another case study. However they argued that the theory that is tested or built through case study research is used to identify the other similar cases. So in case study the generalisation is of theory and not of the results. In case of my research, the focus was on to use the results to contribute to building a theory, which would explain issues of organisational identity in NGOs and TVOs and on what basis they make decisions about their funding and income generation

ventures. The theory may be used to identify similar cases in the Pakistan's non-profit sector and may advance further research on the topic.

The fourth test of reliability pertains to the idea that an investigation will produce the same results as earlier investigation (case study) if conducted again. Emphasis is laid upon finding the same result and conclusion for the same case. Yin (2003) recommended that to avoid reliability issues, the researcher should document each and every step of conducting the research so that the case study, if required, can produce the similar results. In different sections of the thesis it has been clarified how the sample size was selected and how the interviews were conducted, so if required, similar steps can be followed to produce similar results.

A qualitative case study relies on multiple methods of data collection to have a complete picture and data creditability (Patton, 1990, Yin, 2003). This research used in-depth semi structured interviews as the main method and documentary evidence and field diaries as supplement sources of data collection.

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### **3.2.2 INTERVIEWS**

At the start of the research, it was decided that interviews would comprise the primary data collection methods, while observations would also be used to complement the findings from the interviews. However, as the research progressed it was made clear by all organisations that they were not willing to allow observation of their meetings. So the study was conducted mainly with the interviews data with support from documentary evidence, website content, and field diaries.

The interviews conducted were semi structured in nature. The decision to conduct in-depth semi structured interviews was driven by the research questions, which aimed at exploring the different realities with social actors' personal experiences, and also from the fact that the research strategy used in the study was exploratory. As Burgess (1982, p.107) noted, an *"interview is the opportunity for the researcher to probe deeply to uncover new clues, open up new dimensions of a problem, and to secure*

*vivid, accurate and inclusive accounts that are based on personal experience*". As this research aimed to explore new dimensions of the non-profit sector in Pakistan, the semi structured interviews were a better option than structured interviews, which are limited by predetermined and standardised questions. Lewis et al. (2009) explained that in semi structured interviews, the researcher has predetermined themes, according to which questions are asked and omitted according to different responses. These interviews are used in specific organisational context and questions are added, changed, and omitted according to the organisational settings and relevance to the research topic.

Robson (2002) suggested that in an exploratory research in-depth semi structured interviews can be very helpful in answering the research question and also providing new insights into the topic. Further, Silverman (2007) confirmed that semi-structured in-depth interviews are best suited when the researcher wants to probe the answers and respondents to explain and build on their answers. This is particularly useful when the researcher has adopted an interpretivist epistemology.

Initially the plan was to carry out ten interviews per organisation. Four of these interviews were to be conducted with top and senior management of the organisation, four with the staff/employees, and two interviews were meant to be carried out with the beneficiaries. In total it was expected that there would be approximately 40 interviews with members in four organisations. However as the research progressed, it was clear that the few of the initial interviews with the top management answered the questions in great detail. Some of the interviews at the middle management level offered repetition of what was already known. Also, some organisations were not large enough to offer opportunity for ten interviews. So in total, there were 32 interviews conducted with participants from all four organisations. To address ethical concerns, as the interviewer, I ensured that interviews did not lead into areas that may cause ethical concerns (such as information that the interviewer should not be privy to). All the interviewers signed a consent form allowing their data to be used for the purpose of this research and future publications. Different consent forms were developed for the organisational respondents and

beneficiaries. Most of the interviews took place in the organisational settings, while a selected few were conducted at the interviewees' homes. Since the research was exploratory and aimed to explore the data through in-depth semi-structured interviews, detailed structured and predetermined questions were not developed. The questions were asked under different themes, which emerged as result of a review of the literature. Although themes were clearly developed before the interviews, some questions were added according to the responses during the data collection phase. The developed themes included the following,

- Identity of being a non-profit.
  - The history of organisation.
  - The detail of social cause/s being served.
  - The reason for serving the specific social cause.
  - The social cause (s) under which projects were being run by the organisation.
- Link of funding with organizational identity.
  - The way funds were raised to run these projects.
  - The difficulties faced in obtaining the funding.
  - Fund generation process: projects were run subject to funding or raised after the project had been decided.
  - Decision making process for running a specific project.
  - Decision making process for choosing or not choosing a specific funding.
  - Major donors of the organisations.
  - Nature of donation as in subject to specific project or organisation's cause.
- Link of income generation with organisational identity.
  - Income generation projects being run by the organisation.
  - Reasons for establishing income generation ventures.
  - Management of projects.
  - Role of projects in contributing to running cost of the organisation. Mechanisms for managing this, if the projects did contribute to organisational running.
  - Plans for future income generation ventures based on success/failure of the past projects.

It was difficult to gain a complete picture of funding and income generation ventures without including the beneficiaries. To an extent, the inclusion would have helped in identifying the reasons for success and failure of the ventures, but interviews with beneficiaries were conducted either in organisational settings or in the presence of organisational official/s. As many of the beneficiaries had been identified



and referred by the management for the interviews and were associated with the organisations through the projects, there was the possibility of bias especially when they were still benefitting from the projects. In other cases the referred beneficiaries were accompanied by the representatives of the organisation and could not be expected to speak candidly. Due to these reasons, the data from the beneficiaries was omitted from this research.

Along with the interviews, organisations also provided documentary evidence to back up their claims about income generation and funding. These documents included annual reports, newsletters, brochures, and website data. Information from these document and field diary were analysed along with the interviews to substantiate or disprove the organisations' claims.

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### **3.2.3 DATA ANALYSIS METHOD**

The interviews were video recorded with the permission of the participants; however participants did not allow their videos/pictures to be used for data analysis. After the data collection phase had ended, the recorded interviews were transcribed in full. The transcription included not only jotting down the interview verbatim but also translating from Urdu (the language used in the interviews) to English. Easterby-Smith et al. (2008) noted that qualitative data can be analysed in several ways but the researcher should choose an analytical approach, which is consistent with the study's philosophical underpinnings. For instance, a researcher working with social constructionist philosophy will not attempt to draw very clear distinction between data collection, analysis and interpretation. There are two main techniques for qualitative data analysis known as "Content Analysis" and "Grounded Analysis". Content analysis is usually used in research wherein the researcher has constructed the ideas in advance; on the other hand in grounded analysis the researcher lets the data speak for itself. Grounded analysis also allows the researcher to add observational analysis and data from research diaries notes to enrich the findings further. Content analysis is more deductive while grounded analysis is more

inductive in approach (Easterby-Smith et al., 2008).

Strauss and Corbin (1994) recommended that if the researcher wants a new theory to emerge through grounded theory analysis he/she shall not consult any subject-specific literature as it might impede the process of letting the data speak for itself. Since an extensive literature review had already been conducted for this research, it made little sense to use grounded theory as the sole data analysis technique. The second option for qualitative data analysis is content analysis. As opposed to grounded theory, the content analysis technique works with prior developed hypothesis and is more deductive in nature. The researcher uses predetermined themes, according to which he/she probes and analyses the data (Easterby-Smith et al., 2008). However, as this research was inductive and exploratory in nature, it would not have been possible to use content analysis in its pure form and as the sole data analysis technique. Both grounded theory and content analysis share common grounds when it comes to the analysis of the data. The major difference is that content analysis only focuses on the predetermined themes and achieving consistency while grounded theory works with the emergent themes from the data. However both appreciate familiarisation with the data and coding. The next section looks at the data analysis in the case study methodology.

Yin (2003) has commented that the analysis part of the case study strategy is the least developed one. The three general strategies to analyse a case are: 1) relying on theoretical propositions, 2) thinking about rival explanations, and 3) developing a case description. Relying on theoretical propositions means to analyse the case with the help of predetermined propositions that also reflect on the research questions, literature review, and new hypothesis or propositions developed from it. These predetermined propositions focus on data related to answering the propositions and ignoring the rest. Theoretical propositions are used when the whole case study has been focused on answering “how” and “why” questions.

The second strategy, thinking about rival explanation, deals with analysing other theories, which may explain how the evidence collected in a case is related to or interlinked with already tested and published theories. This strategy can help in uncovering the flaws in the current case study and may also help in developing new relationships. The third strategy, developing a case description, deals with developing a descriptive framework for organising a case study. According to Yin, this strategy is least recommended and may only be used when the researcher is having trouble placing the case study through the first two strategies. This strategy merely describes collected data in form of descriptive events. If this strategy is applied, it may be considered as evidence that the initial research questions were not based on theory. Amongst these three strategies, my research will fit in the mixture of the two strategies. The questions of identity, funding, and income generation have driven the literature review, research questions, methodology, and data collection methods. Although the research questions do not present a hypothesis, they do help in shape the “how” and “why” questions. These will be analysed with the help of analysing theoretical propositions. Since non-profit sector of Pakistan has not been explored much by researchers, it is expected that some themes will emerge which would need rival explanations as well. The emerging themes may best be explained with other theories in the literature. Following the research strategy, the next step defines the five techniques that may be used for case study analysis. These steps are explained in details below,

1. **Patten Matching:** In this technique, empirically based patterns are compared with earlier propositions. Through comparison, some common patterns may emerge, which can help in establishing internal validity of a case study. This technique is commonly used for explanatory case studies.
2. **Explanation Building:** In this technique, the focus is to build an explanation (theory) from the case.

3. **Time-Series Analysis:** This technique looks at the trends in the case over a period of time.
4. **Logic Models:** This technique analyses the relationship between the independent and dependant variable.
5. **Cross-Case Synthesis:** This technique is used for multiple case studies. The findings from each case are compared and generalisations are made based on those findings.

As suggested by Yin (2003), the analysis part of the case study is least developed, and this can also be clearly seen from the above mentioned techniques. The techniques are not fully developed, and one technique alone does not present in depth solution for case study analysis. Apart from time series analysis and logic models, all the other techniques can be applied to my research one way or the other. Pattern matching is similar to 'Conceptualisation' (grounded theory) and 'Develop Categories and Coding Schemes' (content analysis). The concept of explanation building is similar to 'Cataloguing' (grounded theory) and 'Draw Conclusion from the Coded Data' (content analysis). The cross case synthesis can only be performed once the first two techniques have been applied to the data. Through this technique researcher can report the findings from individual case studies according to some uniform framework. The purpose is to compare and contrast these case studies and develop a theory. I will be using the pattern matching and explanation building as suggested by Yin (2003) followed by reporting findings through comparison of different cases through a uniformed framework.

### 3.3 PROFILES OF THE ORGANISATIONS

The research was conducted with two TVOs and two NGOs in the Islamabad region. The organisations' names have been changed due to confidentiality issues. A brief introduction of these organisations is given below,

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### **3.3.1 1<sup>ST</sup> TVO – UMEED ASSOCIATION**

The 1<sup>st</sup> selected Traditional Voluntary Organisation is Umeed Association. The organisation was founded in 1967 with the help of small group of volunteers. The initial work began with the war victims, refugees, the destitute and disabled, in conjunction with the setting up of a small industrial home and dispensary. Soon the organisation evolved into a national, multi-functional, non-profit, non-political organisation with the objective of working for the socio-economic empowerment of underprivileged people in the major cities of Pakistan. The Industrial Vocational Centre located in the Headquarters in Rawalpindi is the largest in Pakistan. Projects focus on vocational training to enable women to generate income for themselves and their families. The organisation works towards supporting and strengthening the women by empowering them through direct investment in educational programmes, homes, model schools, vocational training, and health development.

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### **3.3.2 2ND TVO – FOUNDATION OF EDUCATIONAL DEVELOPMENT**

The Foundation of Educational Development (FED) was established in 1987 by a medical doctor, who also founded one of Pakistan's largest and most advanced hospitals. The foundation was established with an aim to promote education in Pakistan without discrimination on the basis of gender, race, religion, socio economic background or ethnicity. The organisation started by building a school in a small town of Pakistan. Currently FED has over 430 different educational institutions including schools, colleges, vocational trainings centres and a University. The organisation is mainly focused on providing free education to the under privileged. The organisation majorly runs itself through donations but also encourages its schools to become self-sustainable within three years of being established.

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### **3.3.3 1ST NGO – SUBAH**

Subah was established in 1997 by young students in an effort to end child sexual abuse in Pakistan. The organisation worked on small scale projects at the start. After three years of inception, the Royal Norwegian Embassy, in Pakistan started providing Subah funding to work on child abuse. The funding continues to date and has helped the organisation grow from a small-scale organisation to a national based non-profit with regional offices in four major districts across Pakistan. Currently Subah is working with eleven partner organisations including 4,455 community workers through child protection networks established in more than 100 villages across Pakistan. Subah also works to provide trainings to primary and secondly education teachers and has benefitted more than 400,000 school children to date.

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### **3.3.4 2ND NGO – SEED**

SEED was established in 1999 as a voluntary welfare organisation in Islamabad. The organisation works with communities, public, and civil society organisations in the areas of health, education, poverty alleviation, income generation, training and capacity building. Although the organisation is donor friendly and works on donor based projects, the major focus of the organisation has been on the four community centres it has created in least developed areas of Rawalpindi. These four community service centres provide the local community health services, education and a centre for youth focused activities.



## 4 CHAPTER 4: DATA ANALYSIS AND FINDINGS OF THE TVOS

This chapter provides an in-depth analysis of the TVOs. The two TVOs are analysed separately with the help of pattern matching followed by a combined case study defining the traditional voluntary organisations in Pakistan. The same pattern is followed for the analysis of the NGOs in the subsequent chapter.

As per case study analysis, relying on *theoretical propositions*, the data was analysed to see the themes that were emergent and occurring repeatedly. After the familiarisation the data were coded with pre-determined and emerging themes. This was followed by another strategy of *“Thinking about rival explanations”* for possible rival explanation and for an answer beyond standard explanations. The main theme of the research was organisational identity shaped by funding and income generation, the interview questions also revolved around these at the start; however as the data collection progressed, a few new themes started to emerge as well. Rival explanations technique was also used to find logical explanation of the answers.

The data collection phase of the research was attended by certain limitations. These limitations have been explained earlier and are also discussed in limitations of study in the discussion chapter. These limitations included exclusion of observations, donors, and beneficiaries from the data collection.

### 4.1 1ST TVO: UMEED ASSOCIATION

The data collection with the organisation started in January 2015 and lasted till March 2015. A total of eight interviews were conducted with senior and middle level management of the organisation. The initial interviews with the management lasted nearly 1.5 hours. However the time reduced with the other interviews as the information became repetitive.



Umeed did not refer to itself as an NGO; rather it used different terms to describe the organisation. Following is a screenshot of their website (The original name of the organisation has been removed due to confidentiality reasons),

The work began with the rehabilitation of the 1965 war victims, refugees, the destitute and disabled, in conjunction with a small industrial home and dispensary. Within the first seven years, [REDACTED] Rawalpindi evolved into a national, multi-functional, non-profit, non-political organization with the objective of working for the socio-economic empowerment of underprivileged people in the major cities of Pakistan.

Umeed called itself a multi-functional, non-profit, and non-political organisation, working for betterment of the society, on its website. The same was confirmed by the interviews where the members of the management team were very open to differentiating the organisation from the NGOs and suggested they did not run time and resource bound foreign funding projects. The members of the organisation called Umeed a TVO which was built and run by local donations and volunteers (still is). As head of health project Tehmina suggested,

*“We are not an NGO who do one or two projects and then runaway or disappear. We have had many women (workers) coming to us and asking for work because the organisation (NGO) they used to work for closed down. We have had our programs going on for years.”*

The members of Umeed differentiated their own organisation from the NGOs on the basis of permanent programs and funding. As head of the industrial home suggested,

*“We are not dependent on foreign donors, we have been running our industrial home and health and education and we won’t close it down because our donor is gone. We don’t spent donors money on fancy offices and big cars and then run out of it for beneficiaries”*

The top management of the organisation consisted of women volunteers who had been with the organisation for over three decades. As the organisation website suggested,

*It was conceived and founded by Mrs. Riaz, with the help of a small group of volunteers in 1967.*

*Operating out of a member's home in a congested area of Rawalpindi. Umeed has grown into a national institution in the last 47 years (Umeed's Website, Our Story)*

The association is registered under the Voluntary Social Welfare Agencies Ordinance 1961. It has approved status by Central Board of Revenue as a charitable organisation, which can receive donations. Umeed had revenues (Donations, profit on investment, income generation ventures) of Rs. 31,807,876 (\$303,727). After expenses, the organisation's surplus was Rs. 16,504,113 (\$157,954) for the year 2013 (*Official Website: Financial Statements – latest available statement was from 2013*). The organisation serves in three major areas including health, education, and industrial homes with the main focus on women empowerment through vocational training (craft, sewing). To date, the organisation has trained over 100,000 workers, which has helped these women earn a living. The current members of management who serve voluntarily confirmed that they were approached and convinced by the founder to join Umeed. Most of the current management had been with the organisation for more than 20 years. They were all volunteers and did not take salary or benefits from Umeed. As most of them confirmed:

*"She's a person who has always been very committed, dedicated and she would always be on the lookout to enlist people, so she suddenly turned to me and said, can't you give me two hours from your week, you know, two hours of the week. I was completely taken aback, I wasn't expecting it. I had nothing to say as such so I said fine. She said I want you to come in and take minutes of our meeting. I said okay. So that's how I started" (Ayaza Haider)*

*"The woman who used to be the executive director or chairperson of this project, her name is Mrs.*

*\*\*\*\*. I have very old relations with her, socially, we are not relatives, but we have been good friends since long. ... When I got retired she said to me that now you should do some work in the name of God. So this is how she invited me and I got into it and ever since then I am with it." (Dr.*

*Saima)*

The head office of the organisation is located in the city of Rawalpindi. The head office also housed the main industrial home and health centre. The building was spread over a large land which was leased to the organisation by the government. Umeed was not allowed to sub rent full or part of the building. I visited the head office after the first interview took place with the head of education project of organisation. Following is the picture of the field diary on which observations about physical settings of the office/building were written down.

Interview :-	Date 29/1/15	No. 4
Location :-		
<p>• Observations :- The building is located in an old area of the city. The building &amp; surrounding space is very spacious but not very well maintained.</p> <p>• Office had very humble furniture. The furniture &amp; other things seem quite old.</p> <p>• Interviewee's own office had a heater that was charged with electricity but rest of building was freezing.</p> <p>• said building is on lease from government for 100 years.</p> <p>• said we don't and can't spend money on building maintenance as it's the money of donors that should go to beneficiaries.</p>		

29/01/15

No 4

Interview: Hidden

Location: Hidden

#### Observations

- The building is located in an old area of the city. The building and surrounding space is very spacious but not very well maintained.
- Office had very humble furniture. The furniture and other things seem quite old.
- Interviewee's (interviewee) own office has a heater that was charged with electricity but rest of the building was freezing.
- (she) said that building is on lease from government for 100 years.
- (she) said we don't and can't spend money on building maintenance as it's the money of donors that should go to beneficiaries.

The standout element from the observation was that while building and office were located at spacious land, they were not well maintained and overall presented a humble outlook. The interviewee suggested that they don't want to and cannot spend money to maintain the office as every penny from the donors should go to beneficiaries. This observation becomes important due to two other interviews with the management volunteers which took place in their homes. Following is the picture of the field diary after the first and fifth interviews,

<p>28/01/15 No 5 Interview: Hidden Location: Hidden</p> <p>Observations</p> <ul style="list-style-type: none"> <li>• The home was located in one of the most expensive areas of Islamabad. It touched a lake at the end of its lawn.</li> <li>• The head (of industrial home) was very well dressed.</li> <li>• Number of expensive cars in the driveway.</li> <li>• Said she spent almost all her life in USA. Came back to serve the country with her husband. Kids settled in USA.</li> <li>• After the interview observations,             <ul style="list-style-type: none"> <li>○ Despite having a very lavish lifestyle herself she was very concerned about organization's costs. Talked multiple times about keeping them down.</li> <li>○ Very loyal and dedicated to organization's cause.</li> <li>○ Spending own money there.</li> </ul> </li> </ul>	<p>15/01/15 No 1 Interview: Hidden Location: Hidden</p> <p>Observations</p> <ul style="list-style-type: none"> <li>• Home is located in a very posh area of Islamabad. The setting of the home and furniture (including) decoration is presenting quite a rich picture.</li> <li>• Suggested that she (interviewee) has lived abroad for number of years</li> <li>• Kids settled in USA</li> <li>• Goes to USA every year for 4-6 months</li> <li>• Very humble person. Very dictated to organization. Willing to go beyond her call of duty as volunteer.</li> <li>• Asked me to join the organization after I am done with my PhD.</li> </ul>

The standout element from the above observations was the stark difference between the humble outlook of the office and the interviewees' homes. While the observation is not intended to draw a comparison between the personal lives of the management volunteers and their volunteering at the organisation, it does imply that the organisation was run by well-off individuals, which consequently helped them draw donations and other benefits from their contacts. These individuals held the top positions in the organisations and served voluntarily demonstrating an exceptional level of commitment by contributing their time and finances to the non-profit. The top management consisted of people who were approached by the founder through mutual contacts. Most of them have not left since first joining the organisation. Their socio-economic background suggested that most of them have either had exceptionally good jobs / businesses in the past or belonged to wealthy families.

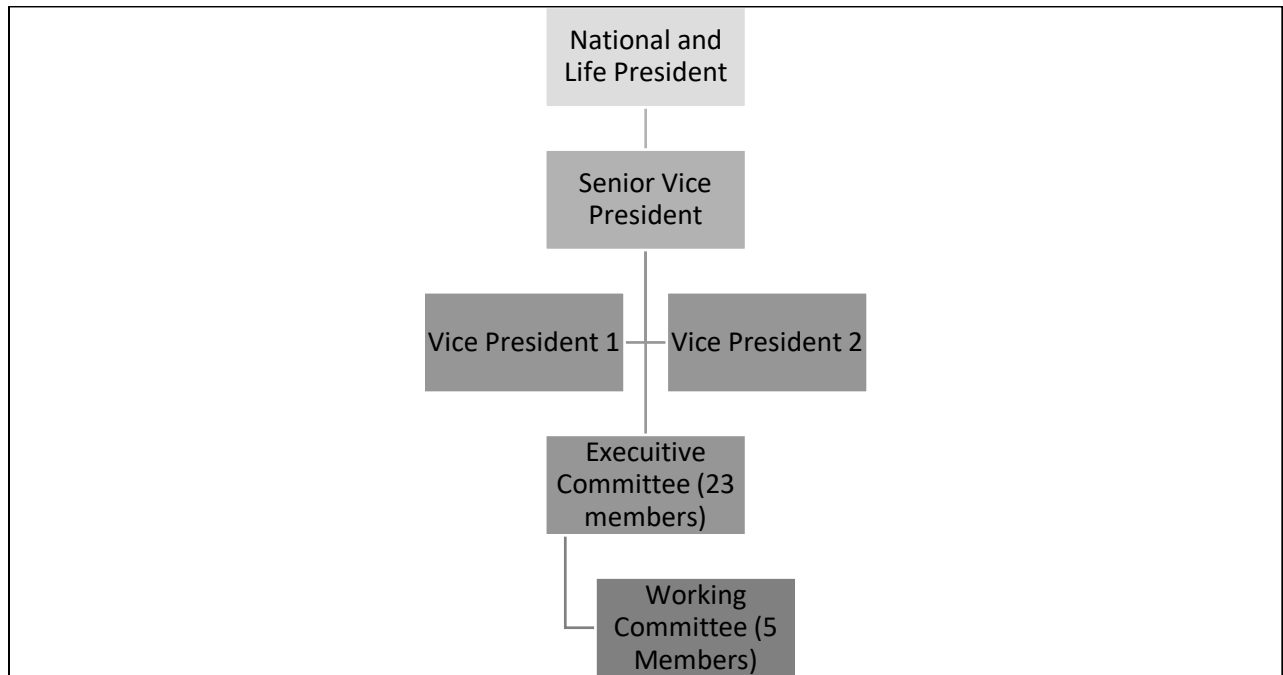
It is vital to understand the idea of 'contact-based Donors' in order to get a sense of how the organisation operated. The well-off backgrounds of the management volunteers helped them attract well-off contact-based donors. As Sadia proudly observed:

*"...For example my husband he used to be in the government...There used to be a federal chemical and ceramics corporation, he was the chairman of that and he had a lot of factories under him so he would take advertisements from them, so that's how we used to do it. Now Amina's s husband is a doctor so we get a lot of money from their doctor contacts. Same is with Tehminas he gets a lot of donations from her friends and contacts in America. And the same way for all of our members"*

Although the organisation was happy to receive donations from anyone, there wasn't well-established donation programme in place. The management (volunteers) approached their good contacts and asked them to donate money, resources, and any other help from time to time. These contact-based donors were very loyal to the organisation and donated generously to contribute to its cause. The donations

from these donors would either be credited to Umeed's general account, from where it was distributed to different projects on a need basis, or they could be allocated to a specific project as per the donor's wishes.

The head office organogram as understood from official documents and interview is depicted in below,



**Figure 3 Organogram Umeed (Source Official Documents Umeed and Interview Data)**

The founder of the organisation is the life president, who is no longer active due to health issues but who has the veto power to overrule any decision. The senior vice president was actively involved in the main decision-making. The two vice presidents are also part of the executive committee, which has 23 members and meets every three months. The executive committee approves major decisions such as a new project. The day-to-day decisions were made by the working committee, which met every week at the head office. The decisions were made with voting in a democratic fashion.

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#### 4.1.1 PROJECTS OF UMEED

The organisation was built and ran around three projects; industrial Homes, education, and health. Apart from these projects, a foreign-funded advocacy project was also being run. The biggest project of the organisation was the Industrial Home, which was also treated as an income generation venture.

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##### 4.1.1.1 EDUCATION

The initial project launched by the founder was a vocational training centre where poor women could come, learn stitching and earn a living for themselves. Since the focus of the organisation was on empowering women the industrial home was established to teach women skills which could help them become self-sustainable. The first industrial homes were started in the slums of Islamabad and Rawalpindi where women were taught stitching and then stitched clothes were bought from them to be sold in the Umeed's shop (commonly referred as Boutique in Pakistan). These women (workers) could not afford to send their children to school. These children sat with their mothers, reading from *Qaida* (Basic book for primary level children teaching counting and alphabets), while they worked. Although, this was not a proper arrangement, this was still called a school. In the later years the management decided to open a one room school near the industrial home establishment. As head of the industrial home explained,

*“So these women they became very upset that no one would look after our children and their school now, so they said to us that please consider them as well, there are 30 children, please do something for them, don't leave them behind. So we decided that okay we will take this forward, we will make a nursery, one room would be for the nursery, and in this way we will keep the children. But they said that after that what we will do about our children; please take care of our children. So we decided to take this forward for one year, we will see. We had made extra two or*

*three rooms too, one for laundry, one for vocational training and so on. So we decided why not make these into two three classes and this is how a small school of the primary level started. The first year it was nursery, then kindergarten, then prep and then first class.”Shafina Farooqi*

The purpose was to take the children up to the primary level (Grade V) while their mothers worked in the industrial homes. The project started with one school, but currently there are six home schools with the six industrial homes establishments in different areas of Islamabad and Rawalpindi. The schools charge a minimal fee of Rs. 50 (0.50\$) from the first child, the second child gets a 50% discount and the third child is free. The fee is charged as management felt that a free school is not taken seriously by parents and children. As Tehmina points out,

*“It’s free to the extent that we charge maybe 50 rupees because if you don’t charge they become totally careless, I think even 50 rupees also is easy for these people to give , because if you don’t charge we found that then they really don’t bother at all”*

Children were provided free textbooks and uniforms for the schools. The schools were funded through fundraising in USA carried out by the Education Project’s incharge. The head of education project visited the USA every six months for fundraising for the schools. The fundraising was initially carried out informally however as the funding amount increased, the organisation decided to formalise it. Tehmina clarified how she raised funds from family and friends and then formalized the organisation in the USA:

*“....so I would go and spend six months of the summer there and I would come here for six months in the winter. So when that was happening, I said okay, let me start raising funds there for these schools. I have a lot of friends, family and that is how I started. And then I said, well now, we should try and formalize this funding, so I opened Umeed in USA, in the states, and through the*



*IRS, through all the legal channels we got the status of tax exemption organisation which is a 501(c)(3)”*

The six home schools of Umeed were run up till primary level (Grade V), while another model high school in Rawalpindi went up to grade 10. The teachers at the schools were paid by the organisation. There were 24 teachers for six home schools and 15 teachers for the Model High School. Although the organisation wanted to do more for the home school children, the management felt their hands were tied due to funding limitations. Each home school had four teachers who were trained twice a year by the education committee of the organisation. The education committee consisted of senior members who had rich experience with curriculum management and teaching methodologies. The members made sure that curriculum was checked and revised, if needed, twice a year. The same committee also trained teachers with refresher courses thrice a year. It is vital to mention that all this was carried out free of charge by the senior volunteers.

The Model High School in Rawalpindi was a municipal school, which was being run by the organisation. This model school was different from the home school as it has a campus, classrooms, playground and other facilities. Being a municipal school in essence, a similar fee (minimal possible fee) structure was devised for all public schools, which meant that Umeed could not charge higher fee even though it was expending for running the school. The management also foresaw problems in the perception of the school, as Tehmina explains:

*“... There is this impression there that this is a charity school, even though it’s a very good school, an excellent school, but people have this cultural mind-set that this is my servant’s child, my taxi driver’s child, why should our child sit with him”*

The contact-based donors helped the organisation in building science lab, computer lab, library and an art section. The majority of the funds for the education project were raised in the USA. A good amount

was kept aside as reserves in case of low fundraising. However there has not yet been an occasion when the reserves have had to be used. As Tehmina clarified,

*“Yes I like to keep a little reserve, you see, we can’t spend everything, because if we don’t get funds then what will we do? There should be a reserve of at least 1-2 years so that they last”*

#### 4.1.1.2 HEALTH

The health project was run in the main building (headquarters) of the organisation in Rawalpindi. The project was meant to provide basic health facilities to the people of the surrounding areas on subsidised rates. The project initially started with government funding of mobile health care units providing guidance to women in rural areas on reproductive health. Although the project was quite successful, like every other funded project it was for limited time and had limited funds. When the funding ran out the organisation did not continue with mobile health units. However the health project continued with subsidised service to nearby areas.

The health project started on a small scale with a dispensary, which gave out medicines to the poor and needy on subsidised rates. With the help of contact-based donors, an OPD (outdoor patient department) clinic was also started staffed by two full time doctors. The health project consisted of an OPD clinic, dispensary, ultrasound, electrocardiogram, and a laboratory for medical tests. All these services were provided at low cost as compared to the rates in the market. Aside from two fulltime doctors, there were multiple medical consultants who visited on alternate days to see the patients. The consultants did not charge fee from the patients or the organisation. A recent addition to the health project was the dental health clinic, which was donated by another contact-based donor. The donor also bore the monthly salary of the dentist. The lab at the health centre was also built with the help of a donation given specifically for this purpose.

The lab equipment and other machinery at the healthcare unit were quite new. Upon inquiring about purchasing the new equipment, it was revealed that expensive equipment was either donated by the contact-based donors or given on subsidised rates by the suppliers. Dr. Saima elaborated:

*“We request pharmaceutical companies to give us medicines at subsidised rates. Other than that as far as instruments are concerned, those suppliers cooperate with us completely. If for instance an instrument is for 340,000, we could say to them that we only got donations for 300,000 so they give it to us for 300, 000. So they cooperate with us a lot”*

The organisation developed good relationship with suppliers of medicines and healthcare equipment. These relations were developed over a period of time by making regular purchases from them. When there was need of healthcare supplies, these suppliers gave considerable discounts to Umeed. One of the contact-based donors donated the required amount for the purchase of medical equipment. The donor was approached by the head of health project. As Dr. Saima described one incident,

*“Yes it is absolutely, purely my own circle (approaching the donors). I wanted to upgrade this laboratory project and I needed money for it, it used to be on my mind all the time. So when I went for hajj I met this very nice boy over there, he was not related to me but he was also with me at hajj. So one day we were sitting and talking and I knew he belonged to a business background. So I said you people get discounts in taxes, ours is a registered organisation, so if you ask your friends, I didn’t ask him directly for it, I said you can ask your friends or acquaintances that if they donate to us, they will get leverage in taxes. He asked me how much money you want? I quoted a figure that I need to buy so and so instrument and I need this much money for it. And when I came back he sent me a cheque of that amount”*

The management took pride in contact-based fundraising. It was an unstated expectation from the management volunteers that they will secure donations, equipment, and other resources using their contacts. One of the reasons the organisation focused so much on contact-based volunteering and fundraising was that it consumed the least financial resources. The management was very clear that they did not want to spend money on projecting the organisation through advertisement or publicity. They indicated that they would rather put that money in the organisation; however they did realize the importance of projection. As Tehmina noted,

*“At first we remained very low profile, we never advertised ourselves or anything but now we had a meeting and I said, and all the others also said that we need to project ourselves. And so we went on a TV show and Tania spoke on the vocational training for women and I spoke on education. We both went”*

Excepting the television appearance, projecting the organisation in this way has not continued. There was no clear pattern or regular events, which could help the organisation project itself.

The health unit barely made any money to sustain itself. The management had good experience of running income generation venture, but they did not want to make health one of them. The health project was funded by donations and other ventures of the organisation. As the chairperson of the health project, Dr. Muniba, explained,

*“....it’s not in accordance with Umeed’s mission, when I first came here, I didn’t know so I said we need to make it self-sustainable, but over a couple of months i realized that the outlook of Umeed, its mission is of welfare you can’t make it self-sustainable in any way, the people are too poor. If you have to pay for the salaries, pay for the utilities, you have to pay for the medicines it’s just not possible”*

Dr. Saima also agreed with this:

*“It is purely and simply a helping area. It is for the people who are very poor, the ones who do not have the fares to reach the hospital, and the ones who do not have even ten rupees so that they can pay the registration fee, who have no money for medicines”*

Although the organisation charged a small fee for the check-up and medicines, it was not meant to earn money. The small fee was charged so people take the service provided seriously. The health care charges for a person were 0.05\$, which was the minimal possible rate.

The emphasis was placed on saving as much costs as possible. The medicines, resources, and utilities were used in the best possible way to avoid incurring any extra cost. The head of health project explained how she made sure that different units of health project (dental, mental health, OPD) were placed in the same building so they could save on utilities and maintenance costs.

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#### **4.1.2 FUNDING**

Umeed considered itself a self-sustainable organisation, which was funded and run by local donations and an income generation venture. The funding in the organisation was largely influenced by the philosophy of the founder which was to run the organisation with least dependence on foreign funding projects and spent every penny on beneficiaries.

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##### **4.1.2.1 FOREIGN-FUNDED PROJECTS**

Few volunteers in the management explained that the organisation had the foreign-funded projects in the initial years but these projects were strictly in areas where Umeed was already working. The organisation focused on building and increasing the outreach of its own programmes based on foreign funding. As Dr. Ouza explained,

*“The thing with Umeed is that our own programmes keep running, they will not be shut down in any circumstances, they are based here. In whichever areas your work is being done, it will continue like that but if you get some amount of support then what happens is that we can benefit more people that way. It gets better and better, then you are able to employ a lot of people, you are able to pay the salaries of a lot of people, you are able to reach a lot of people, you are able to reach a lot of neighbourhoods”*

The head of Umeed’s industrial homes saw it as an obvious path for the non-profits. She suggested that the NGOs should take foreign-funded projects to build the organisation but ensure that they become self-sustainable before the projects end. This was the path that Umeed followed and experienced success with. The foreign-funded projects helped the organisation strengthen its permanent programmes (Health, Education, and Industrial Homes). Once the funding ran out, the outreach of the programmes was reduced but they were never shut down. The organisation was approached by foreign donors after the 2005 earthquake and 2010 floods to do projects in the affected areas. Umeed took a few projects but eventually stopped making efforts to obtain further projects. Upon probing into the subject, the members suggested that it was too much work, as the paperwork and following up of a project was considered a full time job and management (volunteers) could not spare enough time for it. Another clear issue was the management did not consider it important and could not spare time to project or publicise the organisation. There was no question of spending a penny to publicising the organisation. As Dr. Ouza observed:

*“...this is a weakness of Umeed. We are aware of our strong points but our weak point is that we do not have the same projection as we should have had because we haven’t done any work on it. No one has the time for it; they (management volunteers) don’t get free enough from other things to concentrate on this area. We need someone to tell donors that over here the funds will be used*

*genuinely so they should direct the funds accordingly wherever they are needed more. Otherwise I believe that Umeed should get a lot of projects, a lot of donors should come this way”*

The management did not seem very keen on making applications for the foreign funding due to the hassle of following up. As Tehmina said,

*“...USAID was giving thousands of dollars for schools, for about 38,000 schools. We filled out this huge form of theirs but we got nothing, zero... We wrote this big proposal and included whatever they asked for, how will we spend the money, where will we spend it, how much will be spent all of it. And they replied that you should apply to our next funding and then we will consider you for it..we didn’t go for it then because It was a hell of a waste of time, because of the amount of hours we spent on it to prepare that report, it’s not easy it’s like writing a thesis, it’s ridiculous”*

This view was held by most of the management at Umeed. They did not like the paperwork that was involved in applying for funding. If the project was awarded, there was other paper work that had to follow suit. Apart from paperwork and lack of publicity, there were other issues too. The management proudly mentioned its strong values over and over. Some of the foreign-funded projects and donors were declined by the organisation as it clashed with the organisation’s cause. As Ouza remembered,

*“We used to include our project into what they want to do. If they want to work with us, you see, at times your policy clashes so much that you don’t take that project at all because we can’t do it, we can’t do it at all”*

Some international donors wanted Umeed to work in their preferred areas. However Umeed wanted to work in their specific three areas (health, education, industrial home). The founder was not pleased with the idea of the donors dictating their terms and conditions and their preferred areas. They were bluntly turned down as Umeed did not want to work with such donors. Having donor-funded projects meant a

considerable sacrifice on Umeed's part to work the way it wanted which meant lack of independence. Another reason for not making effort for acquiring foreign funding projects was that organisation was doing very well with its income generation venture. They were able to fund all their projects and generate a surplus at the end of the year. The current efforts of the management volunteers were focused on the income generation venture and it were yielding good results.

#### 4.1.2.2 FOREIGN FUNDING PROJECT: KAF

While there was clear dislike of foreign donors one foreign funding project continued with Umeed over the years and was operational at the time of data collection (March 2015). Twelve years ago (2003) Umeed acquired a project from a German NGO, to work on its industrial homes. As Tania remembered,

*"...the Germans, they were still with us, they started to talk with us. And we made a little project for them, saying that this is how we want to work, for economic empowerment for women, we will go to different areas, and we picked out five communities. We said we will set up a vocational centre, we will set up a home school there, and our mobile health unit will go there so it will all be under one umbrella. And they loved this idea; they said yes and implemented it"*

The industrial home eventually became self-sustainable and was not in need of funding anymore. However, the NGO stayed with Umeed and started another project. The reason for continuation was a mutual understanding that had developed between the two organisations. The German NGO operated in a different fashion, as compared to other foreign donors, with Umeed. They first funded Umeed to develop its industrial home. An office was set up in the Rawalpindi head office to keep an eye on how the funds were spent and how the management operated the industrial home. The industrial home was managed well by Umeed, and in a few years it started generating its own revenues. KAF was pleased with the proceedings and packed up their office from Umeed's premises. As Tania explained,



*“So this German foundation they had their own people monitoring our activities closely but after a while they were very satisfied, they said we are fine, you’re doing good work, we don’t need to get so closely involved”*

The end of close monitoring meant that the German NGO trusted Umeed with spending of funds and accountability. They continued to monitor the industrial home from time to time. The NGO was pleased with the progress and offered Umeed more funds for a different project. As part of the new project, slum women were targeted for series of lectures and workshops on women rights, reproductive health, education, local bodies’ politics, and basic civic sense. As Ayaza Haider explained:

*“They select a house or a school, or someplace where we can have a gathering of 30-40-50 women, the average is 30 to 40, so then, if it’s a doctors day she will go in and talk to them about whatever the disease that she’s chosen, suppose it’s dengue, she’ll explain in simple language, this is the thing, this is how it is passed on, this is how you can prevent it, these are the symptoms”*

However, the advocacy project was not welcomed by the founder of Umeed. After the funds were offered to the organisation to do further work in advocacy, the founder sternly turned it down suggesting that it was *“typical NGO work”*. *“Typical NGO Work”* basically referred to the foreign-funded NGOs, which work on advocacy and short-term projects. The founder was not keen for Umeed to be recognised as an NGO. However the volunteers at management positions had their own reasons to accept it. One of the reasons, cited by the head of project, was that the donor had given a free hand to Umeed, which meant that with little interference Umeed did not need to compromise the autonomy it enjoyed. The advocacy was not considered Umeed’s main cause and forte; however the *“freehand”* from the Germans meant that Umeed could suggest how to spend the funds in best possible way. The freehand did not mean that there was absence of monitoring. External and internal audit reports and progress reports were regularly submitted and Umeed made a yearly plan, which included hiring of

resource persons, salary of associated employees, expenses of lectures, and material cost. Once approved, Umeed implemented the plan in the slums of Islamabad and Rawalpindi. Any changes in the plan occurred only if near the year end, the organisation had leftover funds. In this case, more activities were arranged to spend the leftover funds. Germans have been pleased with the results that Umeed produced. As Ayaza said:

*“Yes, of course we have to have a free hand. Free hand in the sense that we choose the topics, we choose the community; we choose the timing, everything. But of course we have to, every month we have to submit accounts, we submit reports of every activity, so there are photographs”*

In 2014 Germans extended Umeed’s funding to open two primary level schools at the slums. The schools were located in small houses with few teachers. Although these schools were run on a similar pattern as the education project, the funding of these schools came from the German NGO. The management did understand the high probability of funding eventually running out, which meant that ultimately they would be looking at shutting down some or all parts of Advocacy project (including the two schools). However the management considered this possibility and was open to adding the two schools in the education project.

The relationship with Germans had its difficult times too. A few years ago, the NGO asked Umeed to organise a conference. Although the management was reluctant, the conference was arranged nonetheless. However when Umeed was asked to organize a second conference, it was turned down by the management. As Anila said,

*“...Then a few years later again they asked us so I had a meeting with our country head and I said look, because Umeed is not a great dealer in conferences and these kind of events, we find them a waste of money, and we would much rather spend those funds on things that would directly benefit the people”*

Germans were empathetic and did not make further demands on Umeed to organise the conference. This incident shows why the NGO had stayed with Umeed for such a long time. The management clearly explained on several occasions that the German organisation's advocacy project was taken on due to mutual respect. The paperwork bothered the management; however they felt they "owed" it to the NGO. The head of industrial Home explained that they were indebted to the organisation as it helped them establish the industrial homes. Over the years, both organisations have developed a working philosophy and understanding. Umeed turned down the conference arrangement, as it clashed with their values. This was respected and Umeed was not compelled to arrange the conference and this refusal did not affect the advocacy project funding in any way.

#### 4.1.2.3 MEENAH BAZAAR

One of the regular funding events of Umeed was the annual "*Meenah Bazaar*". The Meenah Bazaar was an event in which temporary shops were set up in a park. The organisation took the whole park on rent from the government. Their spaces for temporary shops were sold to vendors to sell food, clothes, services, and other products. The organisers also arranged entrainment such as rides, face painting, and concerts. The contact-based of the management played a significant role in making the event a success. The funds were generated through selling of the space, tickets for entry, and Umeed's own shops in which clothes were sold. This event was publicised well in advance was attended by large crowds. The purpose of the event was to raise funds for the organisation; unlike other funding activities, this event was quite regular for the organisation. As Ayaza commented:

*"Oh the meena bazaar has been associated since the very start of Islamabad. You can ask anyone, Umeed's meena bazar has been a great feature"*

The latest figures of the fundraising were not shared by the organisation. However figures from 2004-2006 were available on Umeed's website. The event generated \$10,500 in 2004 followed by \$11,165, and \$134,000 in 2005 and 2006 respectively. In the initial years, this event was considered a huge fundraiser for the organisation. However, as Umeed expanded it became evident that more effort was required in fundraising and income generation. As Ayaza said:

*“Yes, it’s a huge fundraiser for us but it’s not enough because we have so many projects running, the schools are running, there’s health; health is an expensive thing, there are doctors, the medicines are so expensive, we give free medicines. For all these things, to run the entire set up, we have satellite centres all over the city, so in order to run all these things you need funds”*

The funds raised from the Meenah bazaar were divided equally amongst all running projects. Some funds were kept in the endowment fund. There had been times when one project was given more funds due to its urgent requirement. This usually happened with the health project as it barely made anything on its own.

#### 4.1.2.4 OTHER FUNDRAISERS

There were few other fundraisers that took place round the year. However they were not as regular as the Annual *Meenah Bazaar*. These events were organized on need basis and could take place twice a year or once every two year. For instance in 2014, the management arranged a small fashion show to showcase the clothes produced by the industrial home. The renting of space was a huge expense so the vice president of Umeed offered her house lawn for the show. Although the show was successful and generated good funds for the organisation, it also shows why it was not possible to hold it as a regular event. The organisation and its events are “owned” by the volunteers. In a business set up, it is uncommon for the employees to offer up their own space to help the organisation; however, this was a

common practice for the Umeed volunteers. The volunteer who provided her own home to hold the fashion shows was the head of industrial homes. Interestingly the industrial homes are self-sustainable, so the revenues generated from the fashion show did not directly benefit the industrial homes. The revenues generated from the fashion show went into Umeed's general account, and from there it was distributed to health and education project.

There were also irregular exhibitions, which are organised from time to time to sell these clothes. As some of the senior members of the organisation had good contacts in USA, exhibitions were organised with the fundraisers over there. Again, based on contacts, these events were organised at people's homes. As Tehmina explained:

*"This is a fundraiser held at the home of a friend, because we don't want to spend money. This is our board executive committee. We carry our things ourselves, we transport them ourselves, we don't have any help there. If we get any kind of help, we will have to pay them. We have gotten old but we are still carrying our own suitcases. And it's a lot of work! You have to carry everything, then you have to pick it all up again, then you have to carry boxes and set things up. It is not easy at all"*

A very common theme that was evident in all interviews was that of saving costs. The focus was not to spend an extra penny on anything other than what was absolute necessary. This common belief led the senior volunteer members to do extra work and not hire paid help.

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#### **4.1.3 INCOME GENERATION**

Umeed's main cause was empowering women through work in the industrial homes; the idea of income generation was driven by it as well. It was probed in the interviews if Umeed was a social enterprise or operating like a social enterprise. The head of industrial home suggested,

*“You mean like a business? No no, That’s not the main purpose here”*

It was explained that social enterprise are not purely business rather they can be a business with a social objective or a non-profit organisation with a business. In response to this information there were confusing answers given in different interviews. The head of industrial home suggested,

*“If you put it like this maybe! But to be honest I am not sure. You see we did not start like this. I know that’s how it may look like now. It’s hard to say to be honest”*

The other management volunteers also showed confusion about being a social enterprise. Since social enterprise is not recognized as a legal entity in Pakistan, it was difficult for them to put it in that category which had contradictory views in literature too. Another interviewee from management suggested,

*“I don’t think we are a social enterprise. This is a new way of running a business. All they will do is run a business and give some money to charity. How is it similar to what we are doing? We are benefiting people in many ways and this business is not benefiting any of us”*

The industrial home was established with the purpose of teaching women sewing, stitching, and designing clothes. These women then made clothes, which were purchased by Umeed to sell in its shop or boutique. However, this was on a very small scale until, in 1994, the founder approached a new volunteer who was willing to work for the industrial home. The new volunteer, Tania Mailk, had extensive experience in designing clothes. She took over the industrial home to take it to a completely different level. Prior to the change, the industrial home was making Rs. 200,000 (2000\$) in a year. When Tania took over she was not too happy with how the things were run in the industrial home. She saw that the employees (women workers) were buying raw material to stitch clothes on need basis. So Tania asked the founder for total control. As she explained,

*“...There were like ten employees working and the revenues were so small. I couldn’t figure out what was going on, at first I tried to figure out what was going on and I told the president that I need total power, total power, to run this place. If I do it like this, that I’m sharing with you and the other members, I won’t be able to take off. I have a vision for this place, I’ve done a lot of work, and I used to have a clothing business also when I was living in America, big time. So I said I have a vision for this and I know what to do”*

The demand for total power and permission by the founder was not surprising in this organisation. Being a volunteer and member of management, it was expected that the members should be trusted with finances and power. After Tania took total control, she started making major changes. The raw material was to be purchased twice a year from wholesalers rather than street retailers. The purpose of this step was to save time and costs for the organisation. The German funding was originally meant to be available with the organisation for three years (from 1996), to help build up the industrial home; However as the good understanding developed between the two organisations, and the industrial home grew, Germans stayed with the organisation till the industrial home became fully self-sustainable.

The initial years were difficult in many ways. The women workers came from surrounding areas of the industrial homes; these women belonged to poor households with no training on cleanliness, product specification, and meeting deadlines. Umeed’s responsibility was not only to give them work but also to train them in the most basic aspects of work ethics. As Tania explained:

*“Because these people, when I started and they used to bring the work, I would wonder if the colour was white or blue because it would get so dirty. So I used to train them in that, I said look, wash your hands. Take out your work after when you are free from your children, after you have had eaten, and do it then. So now they bring their work in neat and clean condition”*

Since the main cause of Umeed was to serve the society, in this case to empower women, they tried to focus on that as well. Apart from the social training, the workers went through regular eye tests as the stitching of clothing is done on small manual machines, which puts stress on the vision. If eyesight of workers was found to be weak, financial help was provided to get spectacles. The workers also availed basic health and children education facility at the industrial homes.

Another social element of the venture was not refusing work to any woman. The focus of the industrial home was to empower women to become self-sustainable. Thus these women were trained by the organisation to do stitching and designing. Most of the workers worked from their own homes. They took the work from the industrial home; brought back the stitched material and got paid. It was the policy of the organisation not to turn down any woman workers who seek work. At times this policy led to financial losses for the organisation, as Tania said:

*“Now last year we overproduced, why? Because the women who come to us we cannot refuse them, we have to give them work. And selling it is Umeed’s responsibility, because they cannot market”*

The members of the organisation were very proud that they were not like the typical foreign-funded NGOs, which start their work with great fanfare and closed down in a couple of years, leaving their beneficiaries stranded. Tania proudly said,

*“...we try to pay them good wages so they are happy; so once a woman joins Umeed, she never leaves it, she never leaves Umeed. And nowadays so many NGO’s have started up; they work for 2-3 years and then they close up. Then they send those women to us, those women come to us and we can’t refuse them”*



The industrial homes grew from earning merely \$2000 revenue per year to purchasing of \$20,000 (twice a year) worth of raw material, and profits touching \$250,000 (25 million Rupees) per year. However during this time, the organisation was unable to establish a system for purchasing the raw material. The head of industrial home was pleased that she had trained her staff well to understand the kind of raw material to be purchased and from where to purchase it, but the money was still handled by her. She explained that it was not a trust issue, but she did not want to take the risk with such big amount. It seemed to be both an issue of power and transparency that held the organisation back from developing a system, which was not reliant on a single person. Although the industrial home was treated as a business, which was self-sustainable and profitable, the ownership by a non-profit organisation created certain issues. The head of industrial homes complained that if she misses work one day, she has to manage multiple things over the phone.

The clothes made in the industrial home were sold through different sources. The biggest source of sale was Umeed's own shop/boutique located at a prime location in Islamabad. Apart from the boutique, the clothes were sold at exhibitions in different cities and in the USA.

#### 4.1.3.1 UMEED'S BOUTIQUE

The shop for the boutique was located at a prime commercial market in Islamabad, which was given to the organisation by Capital Development Authority (Islamabad) on lease. In the early days of Islamabad, the area around the shop was quite deserted. However, with the passage of time it became a happening place. As the industrial home started to grow, Umeed saw the need to renovate the boutique to sell the clothes. Donations were raised and some money was invested by Umeed volunteers to renovate the boutique. As head of boutique Sadia explained:

*“Well, it was what you could describe as, very ordinary. There was space and this wall was there, you could not even see it from there also, even from such a short distance. And we barely made sales of 8-10 thousand. ...it was really pathetic... So, slowly we raised some money on our own, we sold the old things, cleared it out a bit this way. Then later on we spent some money on it, got the floor fixed up.”*

The boutique concept was considered comparatively new and modern back in 2002-2003. The boutique outlook coupled with good quality clothes from the industrial homes helped in creating a brand name in the market. From barely making sales of 10,000 (\$100) per month, the Boutique was now making sales of 1,50,000 (\$15,000) per month. The boutique employed five people in sales and account, and their salaries were met from those funds as well. The success of the boutique persuaded the management to think about expansion. As Sadia said:

*“Well we have opened one (Boutique) in Lahore, it’s a small one; someone gave us a shop for very cheap, it is a small one though, they gave it for a very reasonable amount, so that is running there. We are trying to open one in Karachi as well but it’s very expensive to buy a shop. We don’t want to rent one so we are trying to get some donations or get someone to sponsor us, some local man in Karachi”*

While the business venture success had clearly convinced the organisation to expand, it is held back from expanding like a normal business. They had a small shop in Lahore, which was donated by a contact-based donor. Like in the case of the shop in Islamabad, they did not have to pay a rent (or a very small amount of rent in form of lease), and they were trying to do the same in Karachi. Being a non-profit organisation meant that the management faced certain limitations, which hindered Umeed’s growth even when they ran a very successful business venture. They have not in the past, and they are

not willing in the future, to spent money on renting or purchasing a shop. It was not considered an investment but rather an expense by the management.

#### 4.1.3.2 UMEED'S CAFÉ

The building of the Boutique had an upper portion, which remained vacant. Since the building was on lease from CDA, Umeed was not allowed to sub-let the space to anyone. In 2011, the management of Umeed raised some funds and used some money from the organisation's savings to renovate the upper portion, which was later named Café Umeed. The decision to start a café was met with the usual objections by the founder and some of the senior members. The idea was again not to spent money on ventures but rather to spend this money on the beneficiaries. However they were eventually convinced and the Café was opened after necessary renovations in 2011. The business venture not only met resistance from within the organisation but was also misperceived by some of the customers too. As Sadia explained:

*"People think that since it is an NGO so they must be giving things away for free"*

The management was content with the business that café was generating. They turned down many suggestions to make it more attractive. The café was clean, peaceful, and old fashioned. In Islamabad there are many cafes which are making good business due to their outlook. However the management of Umeed did not want to compete with those cafes. As Sadia said:

*"...Then people said that you should try and attract young people, add some music. So we said no, we don't want to make it like these fast food places; we don't want to get into that. We have our very loyal clientele who only come to us, a little elderly people; they come here and feel relaxed because there isn't any noise here. Even when our café is full..."*

There were also issues in projecting the business. The management understood that other cafes had more audience due to the high projection as they advertised, publicises, and projected themselves through social media. Islamabad has one of the highest literacy rates in the country with a high usage of internet. The management suggested that they did try and project themselves through social media, but there was no paid advertisement through it. A page was created on Facebook, which was managed time to time by a management volunteer. Changing times have required businesses to change their outlook and projection, and while the Umeed management understood the issue, they were not taking any concrete steps to resolve it. The outlook and specific target audience of the café were factors mostly influenced by the volunteers who were in management positions.

The café had a total of seven employees that included kitchen staff, waiters, accountant and a manager. These employees were paid the salaries from the profits that café generated. The leftovers profits were put in the general account of Umeed from which they were spent on different projects. The day-to-day operations were run by the paid staff members who prepared lists to purchase food and other material. The signing authority was a volunteer who was also a member of the executive committee. It was clearly seen that although procedures existed to run the café's operations, the signing authority (to release the funds for purchasing) was given to the volunteers, as they were trusted more than the paid staff.

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#### **4.1.4 THE VOLUNTEERS AND SUCCESSION PLANNING ISSUES**

One of the problems that emerged from the data was that of volunteer outreach. The organisation was started and built up by volunteers. These volunteers were committed enough not to take any financial or non-financial reward form the organisation. However as the time passed the volunteers strength reduced significantly. As Ayaza said,

*“Our volunteer strength used to be quite high. We had I think, over 100-150 ladies but now, some have passed away, and some have grown old so I think the active volunteer strength or general body strength is now down to about 60.”*

The management was crystal clear on the fact that not only was the strength of the volunteers decreasing but that they also had a huge gap in succession planning. The strong commitment shown by the veterans who established and built up this organisation was impossible to find now. As Tehmina said,

*“It has become very difficult; you don’t know how much we have tried to get more people involved. For one younger people are very busy, either they have jobs or they have kids or they are not interested”*

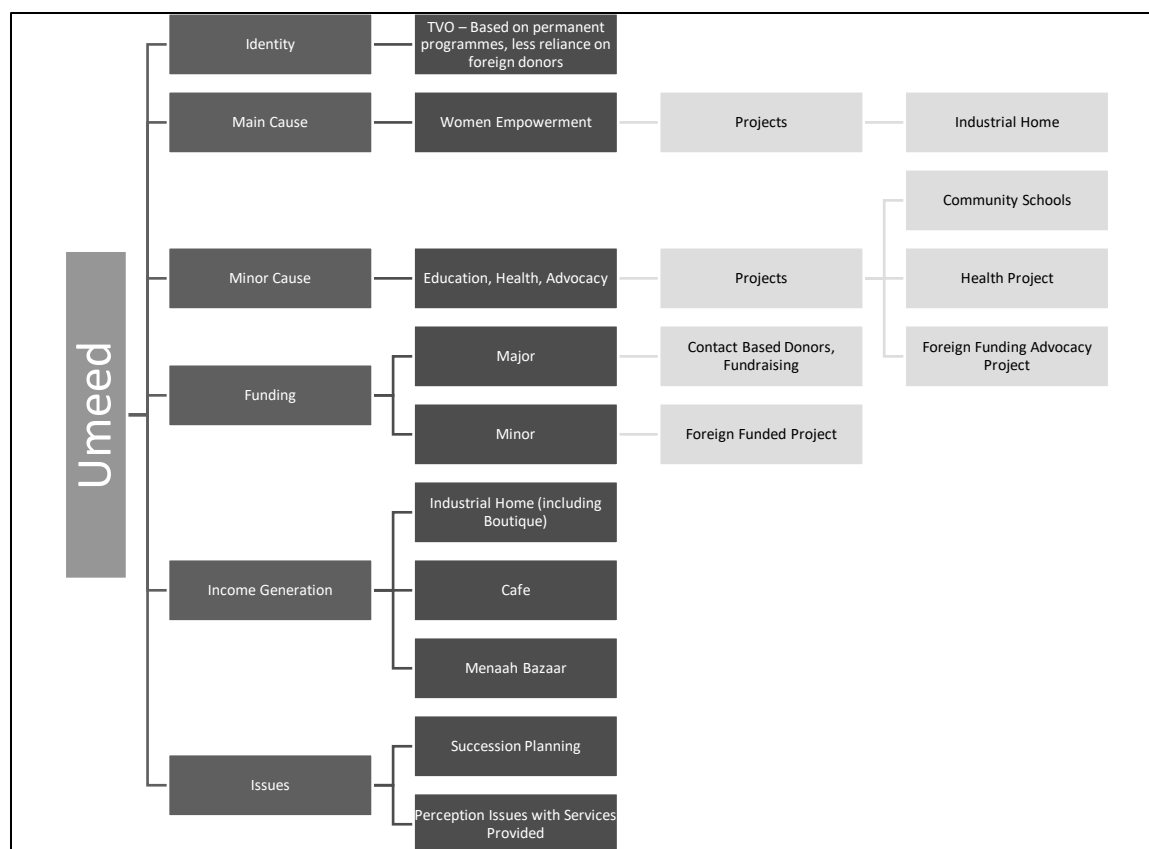
Although the management realised that since times have changed, the volunteers with same level of commitment and dedication will not be taking their place in near future, they did not have an active volunteer outreach programme. The focus was still on asking people to volunteer for few hours or days on existing contact-based system. Some of the members of the management reluctantly agreed that they will eventually be looking to replace themselves with paid employees. This reluctance was built on the philosophy that no extra money should be spent anywhere but on the projects of the organisation. In the past this outlook had worked very well for Umeed; however in changing times this is certainly proving to be a challenge<sup>2</sup>.

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<sup>2</sup> One of the management volunteers of Umeed suddenly passed away in November 2017. Her death led to multiple issues in running the organization as were predicted in this research.

The management was also well aware that one of the major reasons volunteers were not coming forward was that related to financial issues. This shows that management was indeed aware of the current trends and issues in Pakistan's economy, where husband and wife both have to work to make the ends meet. This is quite different as compared to the experience of the members of the management themselves who belong to prosperous backgrounds. However, at the same time the management was equally reluctant to hire people for the job; they were still hoping that people with good financial backing will come forward and volunteer based on the organisation's reputation, as there were no efforts for an outreach programme or publicity. This whole scenario was particularly confusing because on the one hand they were aware that people did not want to volunteer full time due to changing dynamics, and on the other hand they were hoping that volunteers will approach Umeed themselves. After interacting with the management on different topics, it became evident that they did not see this problem as an immediate threat to organisation's survival. They were spending their time on planning fundraisers, running income generation ventures, and arranging events. For the time being they felt that they had the energy to continue doing what they have been doing for the last couple of decades.

Following is the analysis of the organisation summarized,



**Figure 4 Umeed's Analysis Summarized**

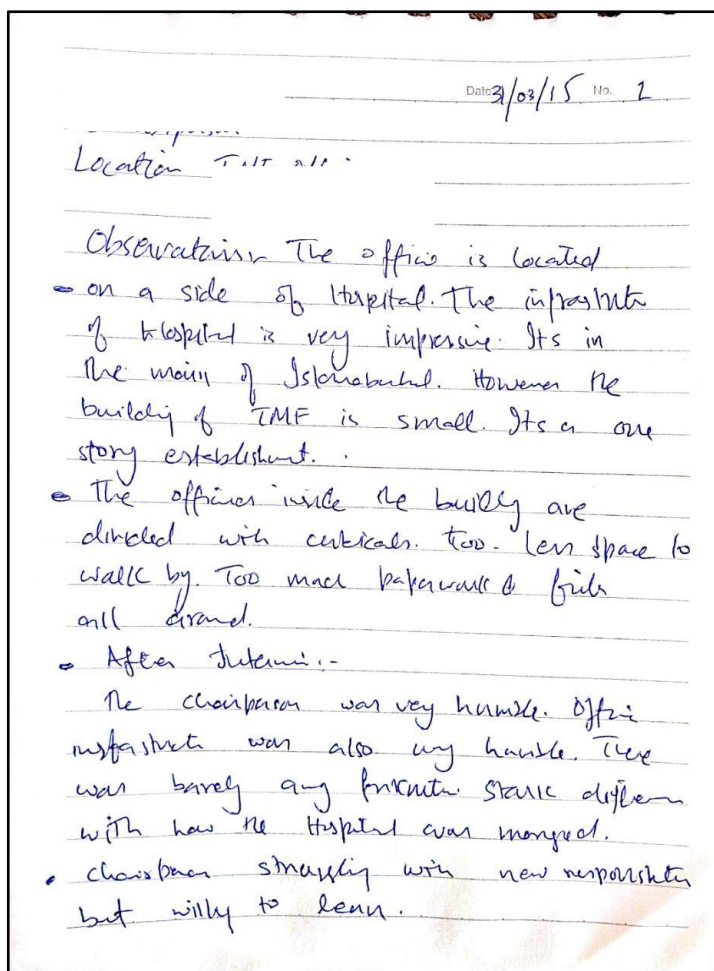
## **4.2 2<sup>ND</sup> TVO: FOUNDATION OF EDUCATIONAL DEVELOPMENT**

The second organisation chosen for the research was the Foundation of Educational Development (FED), which was established in 1987 by its founder Dr. Zaid Ahmed (Late). The organisation's mission is to provide education at the primary and secondary level to children regardless of their age, race, gender and religious affiliations. Dr. Zaid studied for his medical degree in the USA, and upon his return in the early 80's started making efforts to establish a world-class hospital in Islamabad. With the help of friends and donors, Dr. Zaid acquired eleven acres of land in the heart of Islamabad and started the construction of one of the largest and most advanced private hospitals of the country. The hospital first opened its doors in 1993. Dr. Zaid was also keen on establishing a non-profit organisation which could work towards education in Pakistan. During his stay in USA, he collected donations and built a school in his home city of Khewra (a small city of Pakistan) in the early 1980's. Upon his return, while making efforts to establish Iqbal Hospital, he started a non-profit organisation by the name of Foundation of Educational Development (FED). FED was registered in 1987 with an aim to increase the education outreach from one school in Khewra to the rest of the country.

The foundation was built with the help of USA expatriates. Dr. Zaid had a strong network of contacts based in the USA. These contacts helped spread the word and also contributed generously to the cause by donating land and resources. FED started building one school after another in different parts of the country. Today, from having established one school in Khewra, the foundation has grown to more than 400 educational establishments around the country, including schools, colleges, and vocational training centres. The organisation is currently running 168 primary schools, 53 secondary schools, five colleges, two institutes of technology, and seven computer and vocational training centres throughout Pakistan. The foundation also owns 300 acres of land in the outskirts of Islamabad, called the City of Education, on which different education institutes have been build. The interviews with the organisation were



conducted in mid-2015, at which time FED was trying to get a charter for its own University. The Iqbal FED University was established at the end of 2015 with the collaboration of Iqbal International Hospital. The organisation went through hard times when its founder, Dr. Zaid Ahmad, passed away in 2011. It suffered with respect to management of funds, future projects, and its loyal donor base. The position of Dr. Zaid had been assumed by his daughter Dr. Fatima, who took over as vice chairperson. Alike Umeed the top management worked on a voluntary basis and did not draw salaries or benefits from FED. Following is a picture and typed version of the field diary after the first interview.



31/03/15  
Interview No 1

Chairperson  
Location: Hidden

#### Observations:

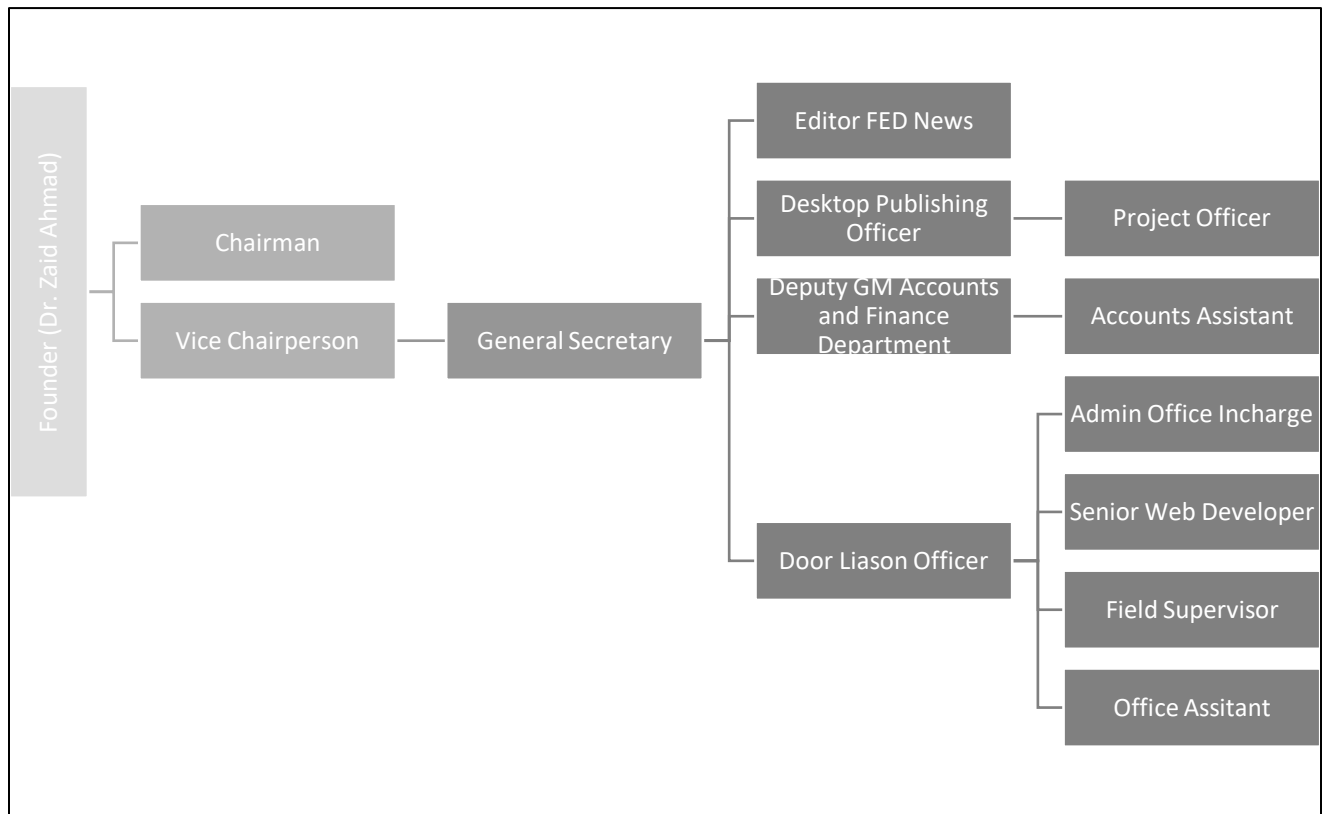
- The office is located on a side of Hospital. The infrastructure of hospital is very impressive. It's in the main (area) of Islamabad. However the building of organization (TVO) is small. It's a one story establishment.
- The offices inside the building are divided with cubical. Less space to walk by. Too much paperwork and files all around.

#### After interview

- The chairperson was very humble. Office infrastructure was also very humble. There was barely any furniture. Stark difference with how the hospital was managed.
- Chairperson struggling with new responsibilities but willing to learn.

The late founder and his family owned one of the largest and most advanced hospitals of Pakistan, which was also considered one of the most expensive hospitals and thus was maintained accordingly. However the office of the TVO had a different outlook as mentioned in the above observation. The

space was cluttered with multiple small cubical offices along with muddled paperwork and files. The office of the chairperson barely had any furniture. The small office only had a chair and table with empty walls and absence of any decorative items. Although the organisation's outreach was enormous, its head office consisted of less than 15 employees. The organogram of the foundation is depicted below:



**Figure 5 : Organogram FED (Source: FED Official Documents)**

The chairman, who was the brother of the founder, did not actively participate in the management of FED due to health issues. The vice chairperson, Dr. Fatima, looked after the day-to-day activities of FED and also took major decisions. The foundation is governed by a duly constituted board of governors (BOG) which makes all policy decisions.

Alike Umeed, FED also considered itself a TVO which relied on local donations and volunteers. Although it was interesting to see that the majority of local donors of the two TVOs were expatriates residing in the USA. Upon inquiring how the organisation is a TVO and not an NGO, Dr. Fatima explained,

*“NGO is just a term really. All non-profits are NGO but I was surprised to see that in Pakistan NGO is a different type of organisation. You know the ones which do projects with foreign aid agencies. I think we are different because we have been here for many years now. Our schools are running for many years. We do not close down our schools because our donor is gone. We keep finding them even when they are in loss”*

The head of account suggested that they were not an NGO from the looks of it,

*“Have you been to an NGOs office? Have you seen how they have wonderful offices and the cars that they drive? They take so much money from foreign donors and spent most of it on their own selves. Look around (hand gesture to the office surrounding) and see how we have maintained our office?”*

It was interesting to see that FED also differentiated itself from an NGO based on the fact that they did not run short term projects and maintained a humble outlook. The website of FED defined the organisation in the following way,

Turning vision into reality, [redacted] established [redacted] a nongovernmental organization, in 1987. With a mission to provide quality education to every child of Pakistan, [redacted] pays special focus on character building of its students. [redacted] has remained steadfast to its objectives and in a short span of 24 years, [redacted] has achieved a reputable name with the establishment of 400+ educational institutions with 150,000+ lives changed for the promise of a better future.

The website suggested that FED was established as a nongovernmental organisation (NGO) however the term NGO was not used anywhere else on website, brochures, newsletters, and annual reports. The organisation has been referred as “foundation” at every other occasion. The foundation has grown at a steady pace since its inception. The first published balance sheets of the foundation in 1991 shows revenues of Rs. 18,000 (£118.00). In 2011, when Dr. Zaid passed away, the balance sheet was touching 900 million Pak rupees (£5900000). As Ahmed Hasan, head of accounts observed:

*“We have grown very rapidly from 2003 to 2011, we added more schools, and then there was the earthquake and the floods in 2010. So we grew in that area”*

The employees credited the growth to the leadership of FED. They saw it as the reason that the organisation had grown so rapidly. Most of the top management at that point in time was actively involved in FED, which changed after the founder’s death in 2011. FED had a small number of employees working in the head office from the very start. The management took pride in the fact that the organisation was built and was still run by the same number of people. The members suggested that operational cost of the organisation was 2% of the revenue, whereas it was 10-20% in other NGOs. However, this also meant that the employees were not paid high salaries, which might be a contributory factor in demotivating some of the employees.

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#### **4.2.1 SUCCESSION PLANNING**

Succession planning was one of the major issues of the organisation, which might not have come up if this research had been carried out a few years ago. The organisation’s founder, Dr. Zaid Ahmed, had a very strong personality and a hold over the organisation. He was respected for his extensive work in the health sector for building one of the largest state-of-the-art private hospitals in Pakistan. His philanthropic work in education and health earned him much recognition and several awards from the

Government of Pakistan. FED suffered considerably after his death as there was no one to take his place at the foundation. The organogram shows that Dr Zaid held the top position, while two positions subordinate to him were held by his brother (Chairman) and his daughter (Chairperson). The chairman was not active in the organisation due to his own health issues. The Chairperson, who was the daughter of Dr. Zaid, was residing in America when he passed away. She returned in 2012 and took over the foundation. This background is necessary to understand several issues that arise due to lack of succession planning not only in 2012 but in the following years. Dr. Fatima explained:

*“So when I did decide to pursue my career, my father had a brain haemorrhage, and unfortunately he couldn’t survive. That was a turning point of my life. ....I thought that the better option would be to come back to Pakistan and continue the projects my father has started and allow others to benefit much more from the work that he started. ...And even though, I didn’t have experience of running an NGO but I did believe that I have the utmost sincerity and dedication to carry on his work”*

As Dr Fatima revealed, she had no idea how an NGO was run, but due to the lack of a successor, she had to take over the organisation. This is similar to the problem experienced by Umeed. The TVOs are run with utmost dedication. However when it comes to handing over power, they rarely have anything planned. The new leader of FED acquired the leadership powers on the basis of heredity. Dr. Fatima clearly saw it as a problem herself when she took over FED in 2012:

*“I think it’s like taking a child and throwing him in the water even though he does not know how to swim. But I am determined and so I took on the role as a vice chairperson of foundation”*

The problem was not just limited to lacking an understanding the organisation’s working. There were other difficulties that arose due to a lack of succession planning. Some employees, on the condition of confidentiality, showed clear demotivation and dislike of the new leader. The new leader was not

considered worthy of the role as employees felt that she took over due to heredity rather than her abilities. This preconceived notion created a perception that stopped the new leader from learning and operating effectively. Dr. Fatima was also aware of this and was trying hard to overcome these obstacles.

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#### **4.2.2 EDUCATION PROJECT: THE SCHOOLS AND OTHER INSTITUTES**

FED was built around the schools that the organisation operated throughout the country. The first FED school was started in late 80s by the founder. The school showed good progress and had soon enrolled many students. The founder collected donations from his strong contact-based in the USA in order to run the school. Dr Zaid returned to Pakistan in the late 80s and decided to get FED registered as a non-profit entity, subsequent to which the second school was established. The second school was built in another village deprived of the basic facilities of education. The influential contacts of the founder donated land, money, and other resources to build one school after another in the years to come.

Initially the schools were built when requests were made by the locals of the vicinity. These locals also donated land for school buildings. However, with the passage of time, FED realised it needed a proper system to evaluate and build the schools. Dispute over donated land was one of the major reasons that compelled the organisation to build a better system. In a few instances, land was donated and a school was built on it. However, the land still legally belonged to the donor, and the death of the donor and disputes among the legal heirs of the land put the future of the schools and students in jeopardy. Learning from these incidents, FED started asking the donors to transfer the land ownership rights to FED before they built the school. In most cases, the land was donated by a contact-based donor, so a major expense was spared for FED. The organisation would try to convince the same donor of the land to pay for building as well. As Dr. Fatima explained:

*“If the same donors of the land could not sponsor the school, we would look for sponsors for the building of the school, or we would try to raise it ourselves”*

If the donor was unable to contribute to the school building, the organisation made its own efforts to raise funds. The schools were divided into model and community schools. A Model School was run on the basis of one school one teacher, opened in areas where no basic school facility was available. They were small in size and had 1-2 rooms with children from all age ranges. These schools would go up to the primary level offered basic literacy level of reading and writing. These one-room and one-teacher schools were funded by an initiative of the Government of Pakistan. Although they were not fully funded, major costs such as rent and teacher salaries were covered. These schools were opened in the areas (usually rural), which were deprived of the basic facilities and targeted street children in the suburban communities. The children completed at least three years of primary education in these schools depending on their age, aptitude, and intelligence level. Once the children completed primary school education they were given certificates, which helped them get admission in FED secondary schools and other institutes. As FM Kamran elaborated:

*“There are villages where there is a small population and no school, so we try to get a room, and the villagers cooperate with us, and over there we find a girl who has done metric or FSC. And we get 30 to 40 girls and boys room that area and teach them till primary level, through one teacher. They take the exam for 5<sup>th</sup> grade and at least pass 5<sup>th</sup> grade from there. And then if they struggle a little bit they carry on with their education. So a lot of our schools work like this”*

Some of these children went further away from their hometowns to get higher education. However most of them never moved out of their villages or towns. FED's real focus and strength were the community schools around the country. As Ahmed Hasan explained:

*“The formal school, we have a model of having the land in our ownership, we construct the building our self, after that we furnish it, we appoint the staff, all its expenses and salaries are provided by us, the school is totally in our control. We strengthen that school for 3 years, and provide its deficit. By deficit we mean, if it has charged Rs. 100/- for fee and it has expenses of Rs. 120/- we will pay the extra 20 rupees for the school”*

The donor based trusted the founder to a great extent. The success of one school led to the building of another school and then another over the years. The policy of FED was to fund/support a school for its initial three years. As Dr. Fatima explained:

*“We obviously recognize that a school needs time to build its strength and students, and its repute in the community, and challenges running a new school, you know the furniture and all these other things that you know as you go along you need to acquire them and so the cost is higher in the initial years, so when we start a new school we take the responsibility to cover its deficits for a minimum of three years, could be more, based on this school and its circumstances, but minimum of 3 years in which we encourage the school and we try to facilitate them to become self-sustainable”*

The self-sustainable schools were able to pay their utilities, teachers and staff salaries, and meet any other expenses. The schools were not required to make contributions or give surplus back to the FED. The surplus (if school was making enough revenues) was put back in the school's infrastructure, books, or other required facilities. The management revealed that most of the schools did become self-sustainable within the three year period. However some schools struggled for self-sustainability and were supported by the organisation for a longer period of time. The schools were encouraged to charge fees from students who could afford it, find local donors, and do their own fundraising to reduce reliance on the head office. There were multiple factors that contributed to the success of the self-



sustainability of a school. If most students in a school could afford to give fee, the chances of the school sustaining itself were higher as compared to other schools. On the other hand, some schools were opened in areas which were deprived of basic facilities, and where most families experienced unemployment. Enrolment in these schools included a majority of non-paying students. The school management did not decline admission to students due to the financial constraints of the family. However, while this served the social cause, it also meant that some schools had more students than it could manage financially. The vice chairperson wanted to see a policy change in funding schools for more than three years, as she explained,

*“We had to say no many times. Sometime we say no just because we want them to work harder to, you know, generate funding at local level as well, because a lot of time they become dependent on the parent organisation. Sometimes I say no because I say that we have been helping them for a number of years, or number of months, and now I want them to generate their resources themselves. And I give them ideas and I give them options, and encourage them that you need to find local donors as well and you need to do local activities to generate money”*

The new rules and policies were encouraging more schools to become self-sustainable rather than to rely on the parent organisation. The new policy also seemed to be influenced by the shortage of funds that FED was facing after the founder’s untimely death. Although the organisation said “No” to extra expenses required by schools, which may include furniture and building upgrading, the salaries were regularly covered from the FED’s general fund. Ahmed Hasan offered a clear perspective on what had happened after Dr. Zaid’s death:

*“When business minded people see that one channel is closed, they turn their attention immediately towards other channels. When we saw that the potential from the U.S has reduced, we turned that focus towards Pakistan. Now we try to generate those funds from within Pakistan.*

*Overall, we faced a financial loss and our inflows were reduced, but as a response we cut down our expenses, reduced the funding to the schools, and we managed it somehow by cutting down our expenses. And we focused our attention on the other options. This is how we managed it”*

The management revealed that they had shifted their attention to Pakistan based donors but funds generated from Pakistan were no match to what they used to generate from the USA. The existing focus was to develop and make the current schools better. The organisation did not want to build more schools as Dr. Fatima felt that the current schools needed major changes to become quality schools. These changes included qualified teachers, better infrastructure and improved curriculum. The school curriculum was developed by FED curriculum development committee, executive committee, and academic council, which was then approved by the BOG. These positions were held by volunteers and the process of curriculum development was carried out free of charge.

The organisation wanted revisions in curriculum with extensive teachers training in all schools. However being a non-profit organisation and operating in far-flung areas, FED did not find this to be an easy task. Teacher selection criteria varied according to the area that the school was situated in, as it was almost impossible to find qualified teachers in remote areas. In these areas, FED had to hire under-qualified teachers to meet the school needs.

The current beneficiaries of the foundation are children from poor families that could barely afford to pay for education. FED was providing school level education at the minimum fee, but if the child wanted to continue to higher studies, the parents had to bear the burden of fee and other expenses which was not possible considering their financial status. Considering these issues, FED started technical education institutes as well where students could continue with their education beyond the school level. As explained by Dr. Fatima,

*“Primary education is our first and foremost focus. But at the same time we do realize that the trendsetter happening in Pakistan, that once primary education is completed, the parents are anxious for the child to start bringing home income, and they discourage the child from continuing the education. With that in mind, we are also catering to technical educational schools as well. So that we can impart skills to the children, so that they can have a better start to generate income for the family”*

The vision of the chairperson was noble but it is beset by multiple issues. One of the biggest problems mentioned earlier pertained to the quality of the schools. The students graduating from FED schools were not able to gain admission in good institutes of Pakistan. The chairperson unhappily admitted that children from FED schools could not even get admission to Iqbal hospital medical college (Hospital of the FED parent organisation). To improve the quality of the learning of the students, FED needed to improve the schools. This meant that more funding was needed, an issue, which FED has begun to struggle with in the recent past.

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#### **4.2.3 FUNDING**

As mentioned earlier FED considered itself a traditional voluntary organisation that was built up through contact-based donations. The majority of the donors of the organisation were expatriates residing in the USA. These donors trusted the founder and donated generously to the cause. As Dr. Fatima observed:

*“My father was the main fund raiser for FED. With him gone we have a huge gap now. With his personality, his success and achievements in the projects he started, allowed people to really believe in what he was saying”*

Dr. Zaid acted as a one-man army and built up a network of contact-based donors over the years. The US-based donors sponsored the building of schools in their home cities and villages in Pakistan as they

had strong affinity with these places. Although most schools became self-sustainable with the passage of time, the donors carried on making contributions to the FED general fund. The approach worked very well for a number of years for FED. However the huge dependence on one person eventually led to complications. After the death of the founder, FED was unable to raise funds from USA contact-based. As Dr. Fatima noted,

*“..and at the same time I recognized that it is very labour intensive approach and it is because I realized that when my father was gone we were at, having trouble raising funds”*

The funding began to experience dips after the founder’s death as donors were confused and reluctant to donate funds to FED as their main contact was not running the organisation anymore. Since no one at FED was trained to raise funds by the founder, the USA fund base dried up quickly. Dr. Fatima was well aware of the problem,

*“It has (USA donor based) reduced significantly since his death. There was really nobody to take that role in America. And it is very like I said very labour intensive work to call people and ask them for money. It is not an easy job. A person can be very easily discouraged”*

The organisation still had a small donor base, which continued to be associated with the organisation and not just with the founder. These donors stayed with the organisation and continued to make donations. FED had a policy of putting away 10% of all donations in the endowment fund of the organisation. The interest from Endowment fund helped the organisation cover its expenses in the initial challenging years after the founder’s death. The money from the endowment fund was also used to make investments in other companies, which helped FED sustain itself. The investments will be covered in detail in the income generation section. The years after the founder’s death were difficult as Dr. Fatima commented,

*“My father had acquired land and we needed to make payments on the land and so I dissolved some of the endowment fund for that purpose. And ever since then, whatever we have been getting...unfortunately the needs of the foundation are greater than the endowment fund”*

The expenses of dependant schools were covered by the donations. However, FED found it difficult to pay for other major expenses, one of which included payments for land that Dr. Zaid acquired some years ago. The expense of the land instalments meant that FED was unable to contribute 10% of the donations to the endowment fund. The endowment fund shrunk in the past few years, and some of it had to be dissolved to make the necessary payments.

Another form of funding for FED was through the local donors. As Dr. Fatima pointed out:

*“Another way is through word of mouth and the local efforts that we do, we target you know, we have a donor’s list which we have acquired in the past 20 years, and they are old, I would say supporters of FED, so we maintain relationship with them through newsletters and FED magazines and annual reports, we reach out to them when we have our different campaigns throughout the year”*

While the organisation had a strong and committed donor base, which it established over the years, no new efforts were made to extend the “list” of donors. The same donors were approached when the organisation needed funding to build new schools or acquire furniture or educational material for the current ones.

Although FED faced problems raising funds at the same level as before, it had not experienced a deficit. It had enough revenues to fund its deficit schools and still had a surplus at the end of the year. The restriction on the construction of new schools was established due to funding constraints that the

organisation foresaw as imminent. To address the funding issues the management was now targeting local donors, who, as compared to USA donors, were easier to approach. As Dr. Fatima notes:

*“yes because local donors, it is easier to go to them and actually physically take them to your project sites and show them the schools being run, and show them the problems that you are facing. They are more familiar to the problems that are prevailing in Pakistan, even though they may be more sceptical at the same time. They require more transparency then people sitting in America. But yes we decided we will target local donors”*

The local donors included both individual and organisations. The website of the foundation listed some of the local donor organisation.



Although the focus had shifted to local donors, the contact-based approach to reaching out to the donors had not changed. As Dr. Fatima explained,

*“...we approach them just like anyone would approach someone. If there is an acquaintance, or through a reference, we use that reference and we describe the project that we are doing”*

The local donors were approached on special occasions including the month of Ramadan in which Muslims around the world make huge donations (Zakat). This month provided a lucrative opportunity for the NGOs to collect funds for their cause. FED also took advantage of this and sent out letters, approached the donors personally, and publicised their work through different mediums to get donations. Ahmed Hasan noted that they use a new method of collecting donations:

*“Like last time we developed the idea that we went to the presidents of all the markets, as F-7 market... to put up our penaflex, stickers etc., to put our donation boxes and to ask them for their zakat money”*

The city of Islamabad is divided into different sectors. These sectors have their own markets, which are called Markaz (City Centres). Almost all these Markaz have their unions. The purpose of these unions is to have a collective voice for the shop owners and also to provide a platform for the customers to register any complaints or suggestions. These unions have annual elections through which they elect their representatives and presidents. These presidents hold influence over small and big shops in the market. Last year FED decided to approach these presidents and ask them for the placement of their donation boxes in the shops. They also asked them if they could publicise FED to the shop owners for Zakat money. Although the method helped FED raise some funds, it resulted only in small contributions to the overall revenues.

The management had strong views about event fundraising. They did not want to venture into “typical fundraising” efforts including charity concerts or other events. The management believed that such events required a lot of effort only to generate little revenue. As Dr. Fatima clarified,

*“I had a fund raising and I saw how much I raised vs. last year, 2014, when I had no fundraising and I raised the same amount of money, so I felt like I would rather use the money that I have spent on the fundraising, I used that money on a teachers training workshop. So when I weighed*

*the outcomes at the end of the day, I believed that personal effort go long way rather than doing a fundraiser at this level”*

The philosophy of the organisation was to raise funds through contact-based donations, and refrain spending on raising funds or increasing the donor base through events. It was also believed that this type of fundraising is done by NGOs and not TVOs. Another issue with local donors was that the majority of them were individuals who contributed small sums of money. As FM Kamran explained,

*“Some of the big organisations cooperate with us too. Last time the Fauji Foundation donated 4 to 5 vehicles which benefited us a lot, in transportation for the kids and staff, so we get big donors sometimes as well. But new donors are usually smaller ones”*

The problem with small individual donor was that collecting donations from them consumed more efforts but did not always yield the same kind of revenues. The big donors (Corporate donors) were beneficial in many ways. If they decide to donate to FED, whether it is money, vehicles, land or resources, the amount is always larger and more helpful as compared to that donated by small donors. Despite knowing these facts, there were few or little current efforts to gain traction with them in terms of funding. The donation campaigns were mostly targeted at individual donors.

#### 4.2.3.1 FOREIGN-FUNDED PROJECTS

FED started getting involved in foreign-funded projects after the 2005 earthquake. As Dr. Fatima informed,

*“..And that was one time that we were really actively involved with them. And the other time was when the 2010 floods happened. That is the time when we actually reached out to apply for these projects as well. It was actually because we really wanted to do something”*



The website listed some of the international donors that the organisation has worked with over the years.



The 2005 earthquake caused a loss of 100,000 lives with the country's northern areas completely devastated. Many foreign funding projects were available and funders were on the lookout for credible organisations to take on the projects. FED also helped many children get back to studies by providing accommodation and study facilities at their City of Education. Excepting these rare occasions, the organisation has not made significant efforts to get foreign funding projects in education or in any other area. The vice chairperson felt that the projects shifted the focus of FED from its core mission of education. Like Umeed, the management of FED also saw the paperwork as a burden in obtaining and managing foreign-funded projects. It was difficult to fulfil the administrative requirements with the limited staff that FED operated with. The volunteers at the top management already had too much work. However management also acknowledged that carrying out a single foreign project helped to generate income equivalent to what FED generated in an entire year. She explained,

*"Yeah it's a lot of paper work but yes looking at the past practices my father would, it would take my father a whole year to generate the amount of funds that one of these international funding*

*organisations can give you, in one project. And like I said that my father had really labour intensive work by individually fund raising, I would definitely encourage that aspect”*

Other employees also talked about the strict agenda in which FED was not allowed to even make suggestions. The management and employees specifically talked about one occasion in which FED struggled to explain to the donor that the way the project was being carried out was leading to wastage of funds. However the donors insisted on carrying out the project in the same way. As FED had committed to the project, they delivered according to requirements. However, as predicted the project did not produce long-term impact, and most of the efforts went to waste. Ahmed Hasan recalled,

*“After that we thought it is wastage of money so we should stay in our own business.. education”*

This approach worked out for the organisation as they were generating enough revenues from the USA and had a few income generation ventures to provide more funds. Despite these views, there was a lot of confusion at the top management. On the one hand, they understood the importance of the foreign-funded projects but on the other no real efforts were made to apply for any of those. There was also a clear philosophy that FED needed to become independent and to be able to support its own needs, but efforts were not focused on income generation ventures. Most of the confusion had a very clear link with the founder’s sudden death and the absence of succession planning.

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#### **4.2.4 INCOME GENERATION**

The interviewees clearly indicated that FED had self-sustainable schools; consequently it was probed if the organisation was operating as a social enterprise. The vice chairperson suggested the following,

*“No I don’t think so. I think a social enterprise is a business first and cause later. If you look at FED history you will understand that schools were built purely for charity purpose, there was never a hint of earning money.”*

The history of the organisation did indicate that the TVO was purely started and run like a charity. However with the passage of time the management focused towards making the schools self-sustainable. It was suggested that it was impossible to fund the schools forever considering new schools were opened quite regularly. Despite the fact that FED had more self-sustainable schools than dependant schools at present, it still did not consider itself a social enterprise.

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#### 4.2.4.1 THE CITY OF EDUCATION

In 1996 a generous donor donated 25 acres of land to FED in the area of Ratwal (suburbs of Islamabad). By 2000, FED purchased the land around the area and also received donation of adjunct land. In 1998, the land was named the ‘City of Education’. The City of Education is a mega educational complex spread over more than 300 acres of land on the outskirts of Islamabad. The foundation had to pay instalments on land for the coming years to acquire complete ownership. The purpose of City of Education was to take students in at the early stages of their studies and take them towards a degree or a technical skill, which could help them earn a living. Official documents of FED detailed the Foundation of Educational Development City of Education (FECE) as shown in Figure 6 below:

<p><b>Academic Projects</b></p> <ul style="list-style-type: none"> <li>•School of Excellence for Boys</li> <li>•Model School for Girls</li> <li>•Jannat Science School</li> <li>•Institute of Technology</li> <li>•School of Health System</li> <li>•Central Library</li> <li>•Mosque and Islamic Center</li> </ul>
<p><b>Self Reliance Projects</b></p> <ul style="list-style-type: none"> <li>•Water Reservoirs for Irrigation</li> <li>•Fish Farms</li> <li>•Fruit Orchards</li> <li>•Dairy Farms</li> <li>•Agriculture Yield</li> <li>•Industrial Home</li> </ul>

**Table 10 FED City of Education Projects (Source FED Official Documents)**

FED has been trying to make the City of Education a self-sustainable entity, which could contribute revenues to the foundation. Multiple ventures were in place; but none had generated enough revenues to contribute returns to FED. Some of these ventures generated enough to sustain the cost and to help fund the City of Education in some ways. As Dr. Fatima explained,

*“In City of Education we have tried many projects, I would say that none of them have really taken off but they do provide some relief. So it’s better than none, I would say but it’s not the answer.”*

These ventures included a dairy farm, which helped in providing milk for the children in the City of Education. As Dr. Fatima said,

*“Dairy Farm makes profit. The profit goes and helps our agriculture. We plant crops like wheat, we plant what you call it, Mustard, corn, some corn and also last year we started a new project of Canola... The wheat is for the consumption of the students, because we need to purchase those*

*our self as well, so that we are producing it on our own, at a lower cost is and we don't need to purchase"*

While the ventures did not generate revenues for the organisation, they helped to meet the need of children at the City of Education. The other projects on the agricultural land needed some years to mature. These projects included cultivation of orchard trees, citrus, and a fish farm. While these projects were not generating revenues for the organisation for the time being, the management was hoping this will change in few years. Ahmed Hasan explained:

*"Basically we had expectations from dairy and agriculture, they will take us toward self-sustainability and strength of students will make it capable of running on its own, but the issue is that the area is so big and has such huge maintenance cost that we have not achieved that level yet"*

The problem with income generation ventures at the City of Education was lack of funding and expertise. With limited staff and inadequate know-how of the business, the ventures were not doing very well. They produced enough to feed the staff and children at City of Education, which comprised of nearly 350 individuals. However they did not do well enough to generate good revenues for FED. As Ali Dar explained:

*"We generate some income from the dairy. Their productivity is still increasing. In the dams, the fish season is useful. Some of it is used in our mess and the rest we ship out to the markets. ...The fish is not used frequently. We cook it a couple of times in winters, and the rest are sold out. Wheat is not sold as we keep it for our own use"*

The ventures and fees from different schools at the City of Education helped to meet some expenses. However FED had to contribute one million Pak Rupees every month to the City of Education to cover its

deficit. Despite these efforts at income generation ventures and funding, the chairperson did not feel that the issues faced by the organisation were being addressed. The management felt that the only answer was the schools becoming not only self-sustainable but also generating revenues to fund more schools; however, there were multiple issues with this philosophy. One issue was that being run by a non-profit organisation and serving the under privileged, the schools could not charge a higher fee. School could generate better income if more students who belonged to middle class families started coming to schools. But being a non-profit school, a certain perception was associated with the facility, which meant that it was unrealistic to imagine that parents who could afford private schooling for their children would opt for their enrolment in FED schools. The same issue was probed during the interview, to which the vice chairperson responded,

*“..we cannot spoon feed them(schools) forever so I always encourage them to you know pool in their resources. There are other sources, yes, I mean I am looking at green technology, I want you know solar panels, so there utility costs are low that will help in sustainability of the school. I am also looking at the hot water solar power geyser, I am looking at, for the food, I am looking at, you know agriculture should be grown enough so that our kitchen needs are met at no loss no profit”*

Although on one side the organisation wanted to become self-sustainable and have income generation ventures, but on the other side, the focus was on saving costs and not generating income. One employee, on condition of confidentiality, cited a different reason for not doing well in income generation:

*“[the] reason is that even if it can be self-sustainable, that will be enough because it is a huge area and you need visionary ideas for that which I cannot see right now. So it should have self-generating units which can generate funds over there, and it has such results which will attract*

*people toward it, we are short of ideas”*

Some of the employees believed that the organisation lacked a business-like approach. They felt that only a business approach could strengthen FED, and that it was missing due to the lack of a visionary leadership. Some employees were openly demotivated after the leadership position was transferred to the daughter of the founder. There seemed to be a rift between the management and employees over certain ideas. Some employees were demotivated as they saw the lack of leadership and vision at the top management level. The vice chairperson on the other hand felt that the incompetence of some employees, due to their educational background, was hindering the organisation's progress. Whichever version of the story may be true, there was agreement on the fact that the organisation was currently not progressing as well as it should be.

#### 4.2.4.2 IQBAL INTERNATIONAL HOSPITAL SHARES

As mentioned earlier, the founder of the FED was also the founder of one of Pakistan's largest and most advanced private hospitals. As founder and CEO of both organisations, he made a decision that was going to benefit FED in the years to come. He purchased 15% shares of Iqbal international Hospital for the foundation. As Ahmed Hasan explained,

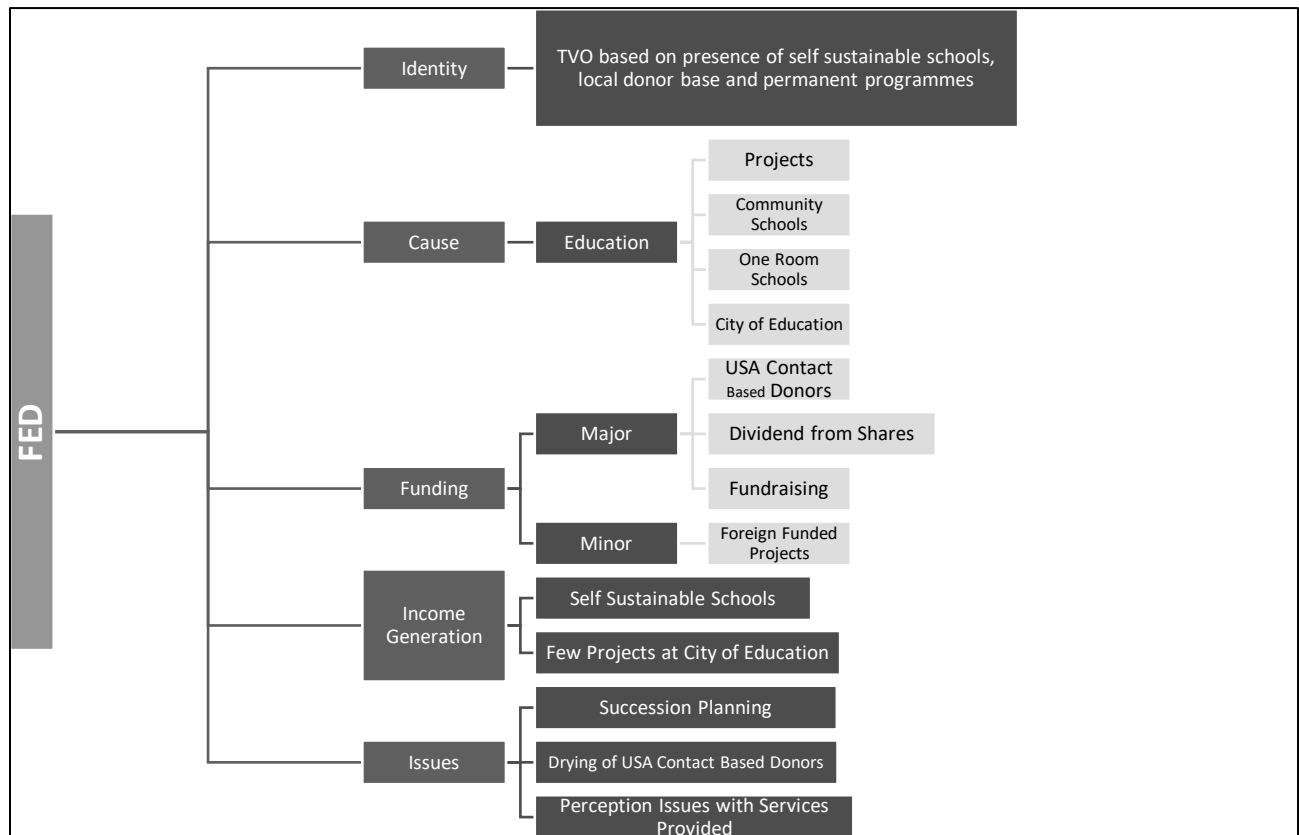
*"So when Iqbal international will grow FED will grow with it. In terms of both dividend and capital growth. So for this reason we put our endowment fund at stake by purchasing 15% equity.*

*When Iqbal International distributes dividend, we get the money"*

The decision to purchase the shares was not an easy one. The shares were expensive as the hospital was growing at a rapid pace. The only option for FED to become a shareholder was to deplete its endowment fund and invest everything to purchase the 15% equity. Although this decision completely exhausted FED's endowment fund for a couple of years, the decision proved to be fruitful as the hospital grew at a rapid pace. This growth has meant that FED has earned dividend every year with the

expansion of the hospital. This also provided much needed stability to the organisation. With the help of this stability, FED increased its endowment fund, opened more schools, supported previous schools and ventured into the City of Education project till it was all halted in 2011 after the death of the founder.

Following is the analysis of FED summarized,



**Figure 6 Summary of FED's Analysis**



### **4.3 ANALYSIS OF THE TVOS (UMEED AND FOUNDATION OF EDUCATIONAL DEVELOPMENT)**

In the literature review it was established that TVOs and NGOs identified themselves differently based on funding sources and causes. While the literature identified presence of hybrid organisations in the non-profit sector globally, consequently leading to issues of organisational identity, it failed to offer much on Pakistan's non-profit sector. The literature also fell short on offering insight into non-profit organisations' reason for choosing specific funding sources. This research confirmed that TVOs had multiple identities which were related to different funding sources, including income generation ventures. All of these will be discussed in detail in the following section

#### **4.3.1 ORGANISATIONAL IDENTITY OF THE TVOS**

The literature review established that there are multiple issues in agreeing to a single definition of the non-profit sector due to numerous factors. The same was observed, through this research, in Traditional Voluntary Organisations in Pakistan. The research revealed that these TVOs held multiple identities, some of which were clearly known by the members of the organisation while others were not spelled out or explicitly known. In the following section the TVOs are explored through the lens of CED attributes of organisational identity which will be followed by the discussion on funding and income generation.

##### **4.3.1.1 CENTRAL ATTRIBUTE: STRONG LEADERSHIP**

The central attributes are the ones which made or change the history of the organisation. It was quite apparent from data analysis of both TVOs that founders played a momentous role in setting up the central attribute of these organisations. Wang et al. (2016) suggested that one of the critical success factors of building a sustainable social enterprise is leadership "*who is capable of building a dedicated*

*team of competent colleagues and enthusiastic volunteers to engage in social innovation in the commercial market to serve social purposes”* (Pg: 13). It turned out to be quite true in the case of TVOs. The founders of these TVOs felt very strongly about the cause. These founders had strong personalities, belonged to well off backgrounds, and had a good contact-based. Over the course of years these founders motivated their family and close friends to volunteer for the top positions at these non-profits. These top positions were not necessarily given on qualification or expertise rather they were awarded due to the trust that founder was willing to place on the person. The lasting trust between the founder and management volunteers, coupled with their good work at the job, helped the organisation grow over the years. Based on findings from this research these TVOs are given the name “Family Non-profits”. The next section will explain the reasons behind this.

#### 4.3.1.2 ENDURING ATTRIBUTES: FAMILY TVOS, CONTACT BASED FUNDING, AND VOLUNTEERING

Enduring attributes are the ones which are explicitly understood and owned by the organisation. The enduring attributes of the TVOs turned out to be Trust and Humble Outlook. These TVOs were run by close friends and family of the founder and hence were named Family Non-profits. The enduring attributes were driven from being a family non-profit. The idea of family non-profit will be discussed in detail followed by the enduring attributes of TVOs.

The notion of Family Enterprise is quite old in the business world. Gersick (1997) called family businesses as pre dominating enterprises in the economic landscape. A business started by an idea of father, carried on by the son, or the husband and wife pooling resources to build a company. Some of these enterprises were family owned for many generations while some turned into public limited companies but kept the major shares to themselves. Kachaner et al. (2012) suggested that opposing views exist on the success and long-term orientation of these firms. While some believe their long-term orientation,

due to business roots being in the family, makes them better than other firms, some completely disagree to the notion. Pounder (2015) noted that tradition and legacy are of great importance in such businesses, and they often affect the decision making at the organisation as well. Kachaner et al. (2012) studied 149 family owned businesses in USA and identified that these businesses did not have fancy offices, equipment, and resources. The expenses were quite lean and firm's money was considered family money. The management did not spend more than what they earn and carry or took as little debt as possible.

Alike the family enterprise in business, the family non-profits exhibited similar enduring attributes. These non-profits' founders felt very strongly about a certain cause, let it be education or health. The founders of these organisations focused on building contacts with other family members and friends and getting them associated with the organisation one way or the other. Some of these members became part of board of governors while others got involved in organisation's day-to-day operations. The top management of FED consisted of family members of Late Dr. Zaid Ahmed (Founder), while the top management of Umeed consisted of close friends of the founder. Over the years, these founders worked hard to transform their small non-profits into national level voluntary organisations with revenues totalling millions of rupees. For the year 2013, Umeed revenues amounted to sixteen million PKR rupees (\$152,803) and FED revenues totalled nine hundred million PKR rupees (\$8,800,900). But despite healthy revenues members of both organisations believed that spending on fancy offices and cars represented a waste of money and organisational resources. The offices of both organisations were not well maintained, and one could clearly see that they did not believe on expending money on fancy office décor or furniture. The offices of both organisations were located in areas which were either leased by government (Umeed) or donated by parent organisation (FED). There was no transport facility provided to the employees or the management at either office. For the fundraising activities of Umeed,

the management used its own private transport. In many cases the management (volunteers) of these TVOs contributed their own resources to the organisation.

Pounder (2015) suggested that family businesses also face issues with employees retention and development. Quite often the success of family businesses is not reliant on its employees but on other factors. In case of family TVOs, it was observed that the employees were not highly qualified, and they were neither paid high salaries nor given great benefit packages. The top management in both organisations felt being a non-profit they could not justify paying higher salaries to the employees. To put this belief into action, top management at both TVOs did not draw salaries. The major decisions were made by the founders, and employees only carried out the implementation work. For example, the Industrial home, which was the largest source of income for Umeed, had some imperative tasks such as designing of the clothes, purchase of raw material, and placement of finished products. Other tasks included stitching the clothes, managing the workforce' salaries and keeping a quality check on finished products. The former tasks were all carried out by the top management, and the employees provided no input in designing of the clothes and the purchasing of the raw material, which was done in the presence of the head of industrial home. However, the other tasks such as stitching and workforce management were carried out by the employees.

This scenario suggests the two enduring attributes of the TVOs. One was trust which existed between the volunteers, and, second was maintaining a humble outlook of the organisation, spending least amount of money on office décor and employees. Both of these attributes caused multiple issues in the organisation. Since the hiring at top positions was purely based on trust these organisations suffered direly from lack of succession planning. In case of death or ill-health of the founder, there was no one to take his/her place since the employees were not trained to take over any of the higher order responsibilities. Schwendinger (2011) argued that succession in family businesses means transfer of ownership and leadership to another member of the family. If the organisation is family owned and the

transfer goes to another family member, it is vital that non-family members (employees) are satisfied with the process as well. In case of family non-profits the employees showed clear dissatisfaction with the process as they felt that to get to the top position, one only needs to be related to the founder, or belong to their trust circle. Umeed's founder transferred the top position to a close friend due to ill health. FED on the other hand dealt with the problem of losing its founder. As mentioned in the previous chapter, some employees on condition of confidentiality showed dissatisfaction with the way the new leader had been appointed in FED. The new chairperson was never involved with FED before and took considerable time in understanding and taking decisions for the organisation.

The second enduring attribute, maintaining a humble outlook, also presented a potential problem. Least amount of money was spent on maintaining the offices, employees were paid minimal salaries, and emphasis was placed on saving as much costs as possible. While it helped the TVOs maintain a perception that they were spending the donors' money on beneficiaries, it also showed the conflict of identities. The management of these TVOs belonged to well off backgrounds and maintained a contrasting lifestyle to TVOs humble outlook. This research is not meant to pass judgment on the personal lifestyle of the management volunteers but rather confirming what has already been established in the literature. One of the perceptions about non-profit organisations in Pakistan is that they are run by rich individuals. Iqbal et al. (2004a) explained that in the early years of Pakistan educated urban women, mostly family members of leaders of political leaders and government officials, actively started the NGOs to deal with the refugee crisis. These women belonged to well-to-do families. Mumtaz and Shaheed (1987) noted that these women were referred as "*Baigamat*" (rich women) and were criticised by reactionary members of society. The criticism was levelled at the lavish lifestyle that they maintained, while working on social welfare to pass their time. There were examples when the non-profit organisations were built for a cause and folded up after a while. This did not leave a good impression upon the public. The general public tended not to consider them serious philanthropists who

truly wanted to make a difference to the lives of the underprivileged. The development aid played its due role in creating an elite within Pakistan's civil society (Bano, 2008b). Jafar (2011b) referred to this phenomena as "Elitism", suggesting (Pg:131),

*"This is an old accusation levelled against NGOs in Pakistan. It is true that most of the NGOs are run by the elite (mostly elite women) of Pakistan...While it is true that some NGOs have merely become a "social club" for many rich housewives, it is important to realize that the elite do serve an important function in civil society. Pakistan is a society where nepotism is widespread. Because normal democratic institutions and values such as citizenship rights are relatively weak, people have to rely on their "connections" in order to accomplish something.. Further underscoring the need for "well- connected individuals"*

This research with two TVOs confirmed that founders of these organisations did belong to well off backgrounds. However unlike other seasonal non-profits, these organisations stayed afloat and built up their reputation over the years. However it was interesting to see there was stark difference between individual identity of the management volunteers, rich individuals, and organisation's identity, maintaining a humble outlook. While the management volunteers emphasised the humble outlook (office physical layout and paying minimal salaries to employees) by not drawing the salaries themselves, it is fair to suggest that it was not difficult for them considering they belonged to well off background. It is quite possible that the humble outlook was maintained due to heavy criticism from public on the lavish lifestyle of some NGOs.

Although the enduring attributes, trust and humbleness, stimulated some issues, they also helped the family TVOs survive and strive. The trust circle of the founder and management volunteers helped create a network of contact based donors. The strong leaders of these TVOs, the central attribute, established contacts with their family, friends, and acquaintances over the years to generate funds for

the organisation. During the interview, the current chairperson of FED emphasised over and over that it was her father who, with his charismatic personality, brought in more donors to fund the schools. The donors felt a personal association with FED due to their contact with the founder. For the same reason, this funding source petered out when the founder passed away. The case of Umeed was similar, with the strong personality of the founder driving the overall philosophy of the organisation. The current top management volunteers were all committed to Umeed's cause and brought in by the founder herself. They also felt a strong and personal association with Umeed due to their relationship with the founder. The contact based network of donors also belonged to well off backgrounds. Hence, their similarly-placed donors went onto contribute large sums of money and resources to help the organisation achieve stability and to excel.

It is important to understand the concept of contact-based donors in context of Pakistani society. Through his famous framework, Hofstede (2016) defined Pakistan as a strong collectivist society, which means that long-term associations are built within groups, including family, extended family, and friends. The loyalty in such cultures is of paramount importance. Hence, national culture also affects the organisational culture. The employee and employer relationship is founded upon moral ground rather than a professional one, and the same is true of the donors and their relationship with the non-profits. These donors were related to the founders through network of family, friends, and acquaintances, and such connections are built with a hope to develop long-term commitment to the work of the organisation. TVOs made efforts to find new donors but even that was affected by the collectivist approach, wherein a potential donor was approached through a recommendation from a current donor. The Schools of FED were built one after another as friends and acquaintances of the founder donated land and resources to build the schools in their hometowns. In the case of Umeed, the top management was expected to raise funds through their contacts, and as it transpired, the shop in Lahore (boutique) and equipment at the pharmacy were donated by contact-based donors. Due to these donors, the

organisations also shied away from making serious efforts towards finding corporate donors or foreign-funded projects.

However the presence of contact based donors also assured that TVOs showed resilience, another similarity between family enterprise and family non-profits. Kachaner et al (2012) suggested that family firms focus more on resilience than performance, outperforming other firms in difficult financial times but under performing in a stable environment. One of the reasons is attributed to the family obligations that the CEO or the decision maker may have. They also have long-term orientation as compared to the orientation evidenced by other firms because they are thinking in spans of 10-20 years, whereas other firms are considering only the present time. This phenomenon is also true for the family non-profits. This study identified that TVOs do not suffer as badly from difficult financial times as NGOs might. For one, they do not rely on typical sources of funding. At a time when most NGOs have been complaining about the drying up of sources of funding, these organisations have been getting the same funding that they were receiving during stable financial times. This is largely because their funding sources are not project or organisation-based but rather contact-based. The focus of these organisations is on performing equally well throughout the year. While they do not outperform in stable times, they do not underperform in difficult times. They tried to maintain the same profile and achieve stability in long-term. Although these contacts gave the organisations the required stability, the approach gave rise to problems of a peculiar nature. One of the major issues with these donors was that they were person-driven rather than being organisation driven, meaning that if the contact was not part of organisation anymore they would be reluctant to donate. This has happened with FED and seems likely to take place at Umeed too. In conclusion the family non-profits largely influenced by the central attribute, strong founders, operated with the following enduring attributes.

- TVOs operated like family enterprise run by the family members and trust circle of the founder, who all volunteered for the position. The volunteers emphasised on building and maintaining a



humble outlook of the organisation. This translated both in physical layout of the offices and minimal salaries and benefits paid to the employees. To stress the humbleness the volunteers did not draw any salaries or benefits from the organisation. The focus was placed on saving costs and spending every penny on the beneficiaries. The humble outlook also presented a case of conflicting identities where the management volunteers maintained a contrasting lifestyle as compared to organisation's outlook.

- The founder and volunteers had exceptional trust on each other which led to both positive and negative outcomes for the organisation. On the negative side the volunteers kept money matters and important positions in their own hands, failing to create a system of decision making and succession planning. The fear of creating a system was largely due to fear that any mismanagement in financial matters will lead to a loss of face. The trust placed on volunteers and their commitment helped both TVOs become national level non-profit but the bubble tended to burst as the success of both TVOs was person-driven and not organisation's driven. Since succession planning did not exist in either of the organisations, the TVOs discussed are likely to suffer if the particular person leaves the organisation.

On the positive side the trust led to creation of a contact based network of donors and volunteers. These donors had both negative and positive effects on the TVOs.

- They limit the organisation's vision and ability to reach other donors who were not linked with founder (or senior management) through family or friends network. Umeed did not have a well-established system of fundraising, relying instead on income generation venture and small fundraising events, which were not as intensive as they could be. The website of Umeed, which asked donors to donate online, was updated years ago. It was evident that no systematic approach existed to collect the funds. Similarly with FED, the efforts for fundraising were made in specific months of the year (Ramazan), but no systematic approach existed to approach the new donors. FED had always relied on its contact-based network of donors in USA, and the organisation was still learning new ways to raise funds from local donors.
- Contact-based donors were likely to stick with the organisation over a long period of time or at least for as long as their contact remained a part of the organisation. However the donor did not trust the organisation but their individual contact.

#### 4.3.1.3 DISTINCTIVE ATTRIBUTES: WHAT WE ARE NOT

Distinctive attributes are the ones which differentiate the organisation from the other organisations. Interestingly the TVOs differentiated with NGOs stressing on '*what they did not do*' rather than '*what they did*'. Both family non-profit suggested that they did not either work with foreign donors or rely on them for their survival. The members of both TVOs suggested that they exclusively focused and developed their main cause, and ran several permanent long term programmes related it. For instance, FED had education as the main cause, and Community Schooling and the City of Education were two of the related programmes run under this cause. The TVOs were not enthusiastic about venturing into other areas but did carry out work on different projects occasionally. For instance, Umeed was approached to implement projects in human rights, and FED was approached to take on projects in disaster management. A couple of times, these TVOs experimented with new projects, with the purpose of these projects varying in different respects. At times a project was taken on because the TVO could not turn down the international donor due to past relationship. This happened when Umeed took on an advocacy project promoted by an international donor that had worked with the TVO for a number of years, although the project was not felt to be in sync with its philosophy. Other times the project was taken because TVO thought it was their responsibility to help the people in need, with this usually happening when a major tragedy had struck the country such as floods and earthquake. Rarely a project was taken on to secure some financial stability from international funding. For instance, Umeed took the funding from international donor to gain financial stability for its industrial home.

Irrespective of the reason that the project had been taken, eventually TVOs made the decision not to venture into these anymore. One of the reasons was that TVOs felt that they were diverging from their original cause by focusing on an altogether different area. Secondly TVOs felt they were compromising on their anatomy by working with international donors. Since international donors required TVOs to

follow strict guidelines and procedures, the relationship become complicated. The top management of Umeed confirmed that Umeed's founder had turned down multiple projects by international donors because she was not happy with their pattern of work and suggested that they were not an NGO and won't compromise on their autonomy. The few instances where TVOs worked with international donors were clouded with conflicts. TVOs were quite independent in their project implementation; they tried to implement the project to reach the maximum number of people, while aiming for long-term impact with saving as much cost as possible. On the other hand, the international donors did not want TVO or NGO to deviate from it. For instance, the FED management recalled how they had once told an international donor that the way it wanted FED to implement the project would lead to wastage of money and only a short-term impact, presenting instead an alternate plan in the context of local conditions. However, the international donor had insisted on having the project carried out as instructed. As anticipated, the project had registered only a short-term impact, and most of the money and resources expended had been wasted. This had led FED to be suspicious of some international donors and how they operated and had led them to decide not to focus on international funding anymore. Jamal and Baldwin (2017) confirmed that often donors are unaware of ground realities and require non-profits to produce paperwork to confirm successful completion of the project. They show little flexibility in planning and spending of funds in an efficient manner. Thus when the TVOs suggest that international donors might have a different agenda, it is not necessarily meant in terms of corruption or defaming the country's image, it is mostly due to the fact that the respective philosophies of the organisations are disharmonious. It is important to understand the significance of these perceptions in the light of the vision manifested by the TVOs. The TVOs wanted to maintain a humble outlook and save on costs in every way possible. This philosophy worked well for them, allowing them to earn the good trust of their donors, especially contact-based donors. On the other hand international donor agencies had set criteria and rules, requiring them to award projects based on facilities possessed by a NGO or TVO, for

instance office infrastructure, proper documentation and adequate office staff. However, most of these requirements were considered “*fancy*” by the TVOs. The contrast in their respective philosophies made the TVOs doubt the integrity of international donors, thereby engendering suspicion of foreign funding and the agendas of the international donors.

Another reason of not working with international donors was related to how TVOs were built and run. The TVOs were built around specific causes such as Education, Health, and Human Rights. Each cause was connected to different programmes such as a school or a university programme (education) or dispensary and free medicine (health). Thus when these organisations applied for foreign-funded projects; they wanted funding for their main programmes. For instance Umeed has an industrial home for women, and if Umeed were to seek international funding, it is most likely to ask the donor to fund its industrial home, which would help the industrial home to have better outreach. But most international donors had a different approach to carrying out their work and were focused on their own programmes and projects, which they wanted to get implemented. Sometimes the interest of both parties converged and the TVO and the international donor could work together harmoniously. For example, in one instance a donor had approached Umeed to fund its industrial home and the funding helped Umeed to eventually achieve self-sustainability. Such collaboration represented isolated instances wherein the international donor had funded a local TVO for a social cause of mutual interest. Instead, the international donor organisations advertised their programmes and asked local NGOs and TVOs to bid for funding. These donors had defined areas where they wanted the bidding agencies to implement their programme. For example if one of international donor agency in Pakistan asked for “Bid for Funding” to implement a sanitation project in a small town of Pakistan. A TVO is most likely not to apply for these projects because their own projects might be in different areas or they may have a different project base altogether.

In conclusion TVOs distinctive attribute which made them different from NGOs was that they did not rely on foreign donors for survival, had permanent long term programmes, and exercised autonomy in their decision making. Although it was interesting to see that both TVOs, at some point in time, had worked with the foreign donors. Infact Umeed was still running a short term advocacy project with an international donor. FED also had a list of international donor on its website with whom it had worked in the past. It seemed that the perception of members on the distinctive attribute was slightly away from reality.

#### **4.3.2 INCOME GENERATION VENTURES: HYBRIDITY, SOCIAL ENTERPRISE, AND ORGANISATIONAL IDENTITY**

The CED attributes of organisational identity demonstrate that TVOs cannot be called pure or ideal type non-profits. They can be called hybrid non-profit due to their reliance on multiple sources of funding including foreign donors and income generation. The income generation in these organisations was given attention depending on the funding status. Umeed's income generation venture (the industrial home) generated the largest chunk of revenues for the organisation. The industrial home was successful enough to fund the organisation's programmes and contribute to the endowment fund. Due to the effective performance of the venture, the top management did not make serious efforts for local fundraising. Every now and then, it arranged local events to raise funds and made an effort to attract donations in the month of Ramadan. However no systematic approach was in place to collect the funds on a regular basis. In case of FED, due to a strong USA donor base and earning from hospital dividends, FED did not made serious efforts towards income generation front. However, after the death of founder and the drying up of USA funds based, it started making efforts to generate income at the City of Education. Emphasis was also placed on schools to become self-sustainable. In any of the scenarios it

can be clearly seen that aspect of funding and income generation both were present in these organisations, which puts TVOs in the category of Hybrid non-profits.

The somewhat successful existence of income generation in these organisations raises the question if they were operating like a social enterprise. The members of TVOs were not sure what a social enterprise was and on what basis they can be placed in that category. The confusion was enthused by the fact that social enterprises are not recognized as a legal entity in Pakistan. It was quite evident that both TVOs started with a cause which was later funded by a business. In the literature social enterprises have been defined as organisations which fund their social cause with sustainable business ideas. These organisations hold characteristics of non-profits as well as for profit organisations (Wang et al., 2016, Young, 2001a). This does put the TVOs in the category of social enterprise as they were funding their social cause through sustainable businesses. However they were also raising their funds through other sources to fund the main and other causes. The next line of inquiry is if these organisations can be called a non-profit social enterprises or for-profit social enterprises. Dees (1996) suggested that if owners or controlling party have no claim over the profits or surplus its traditionally a non-profit social enterprise. Based on this, and the fact that TVOs were registered as non-profit organisations, they can be placed in non-profit social enterprise category.

Considering these organisations a non-profit social enterprise entity, another line of inquiry is if these TVOs wanted to run a sustainable business to fund their social cause from day one. The data analysis showed that it was not the case. Both TVOs focused on serving the social cause, education and women empowerment, without giving a thought to make income generation their dominant revenue base. Both TVOs can also be categorized as '*social enterprise after conception*' as per Smith et al. (2010) classification. '*SEs after conception*' are those organisations in which non-profit agenda existed earlier and social enterprise was added later. Consequently these organisations faced more identity tension as

compared to '*social enterprise at conception*' where the income generation or business existed from day one.

As per Billis (2010b) categories TVOs can also be considered under '*organic entrenched*' category of hybrid organisations. The organic entrenched hybrid organisations are those which grow overtime with resources from public and commercial activities. These organisations grew professional and hire more paid staff with the passage of time. This seems to be the case with both TVOs as they started with a small industrial home and a home school, however with passage of time developed systems, hired paid staff, and started earning majority of their revenues from income generation.

The hybrid identity of the TVOs, being a social enterprise running a business and a non-profit serving a social cause, also created issues in running the income generation venture. These issues were simmered due to the tensions that existed between serving a social cause (normative identity) and running a business (utilitarian identity). Keeping these factors in mind, one has to understand the approach that underlined these businesses. Although these ventures were businesses, most of the time, they were not run like businesses. Their "*contentment*" with current revenues imperilled their business prospects. Umeed was not willing to brand and sell clothes produced at its industrial home anywhere other than at its own boutique restricting their outreach to a certain region. The idea of spending on advertisement of café and targeting upper class was sternly turned down by management. Hiring of paid staff that could help them get over these issues was deemed out of question as well. Similar issues were observed in FED, which could generate income on its land but was unable to do so because its management was not willing to make necessary investments or hire paid staff to look after business affairs. This goes back to the fact that the family non-profit identity where donations and funding base was driven by close contacts, it was hard to justify spending on businesses to these contacts. All of this assured that the income generation ventures were not run like businesses. Family non-profit identity also created other issues, one of which was that these organisations did not consider the indirect cost incurred on their

businesses. For example, the running of Umeed was completely based on volunteers, who worked fulltime for Umeed's industrial home. Although this showed great commitment, the management failed to consider the fact that eventually volunteers will have to be replaced with paid employees. Being a family non-profit entity, spurred by the spirit of volunteerism, these organisations overlooked many aspects of running a business. Driven from their identity, of being family non-profit, serious trust issues existed in handing over money matters to the employees. The management did not take the risk of entrusting the donated money to anyone but management volunteers, as any incident related to mismanagement of funds would not only damage the non-profit's reputation but would also imperil relations with the contact-based donors. Up till the point of data collection for this study (March 2015), the head of the industrial home accompanied the employees to buy the raw material and to make the payments to the suppliers. The lack of a systematic approach and succession planning presented the possibility that the venture will not generate similar revenues, and even experience failure, if the driving force behind the success was no longer around. It seemed that the organisational identity, being a family non-profit, wavered the TVOs to run the income generation venture through a systemic approach.

Leading from this another line of inquiry is whether the multiple identities of TVOs are conflicting? It was established in the literature that Social enterprises have multiple and sometimes conflicting identities which may or may not be managed (Tracey and Phillips, 2007, Pratt and Foreman, 2000). There are clear issues of conflicting identities in the TVOs. They ran a business which required them to be focus on saving cost, earn profit, and expand when possible. If they were a pure social enterprise serving a social cause it would not be an issue. However since they had a social cause deeply embedded on the philosophy of the organisation they found it hard to run the business like a usual venture. It is fair to suggest that TVOs are operating with multiple, and at times conflicting, identities. The dominating identity seems to be the family non-profit identity, which also informed their decision for choosing



specific funding sources and running income generation ventures in a certain way. TVOs also seemed to make an effort to project a somewhat dissimilar identity to public due to perception issues.

This case of organisational identity in TVOs is presented in a visual form below,

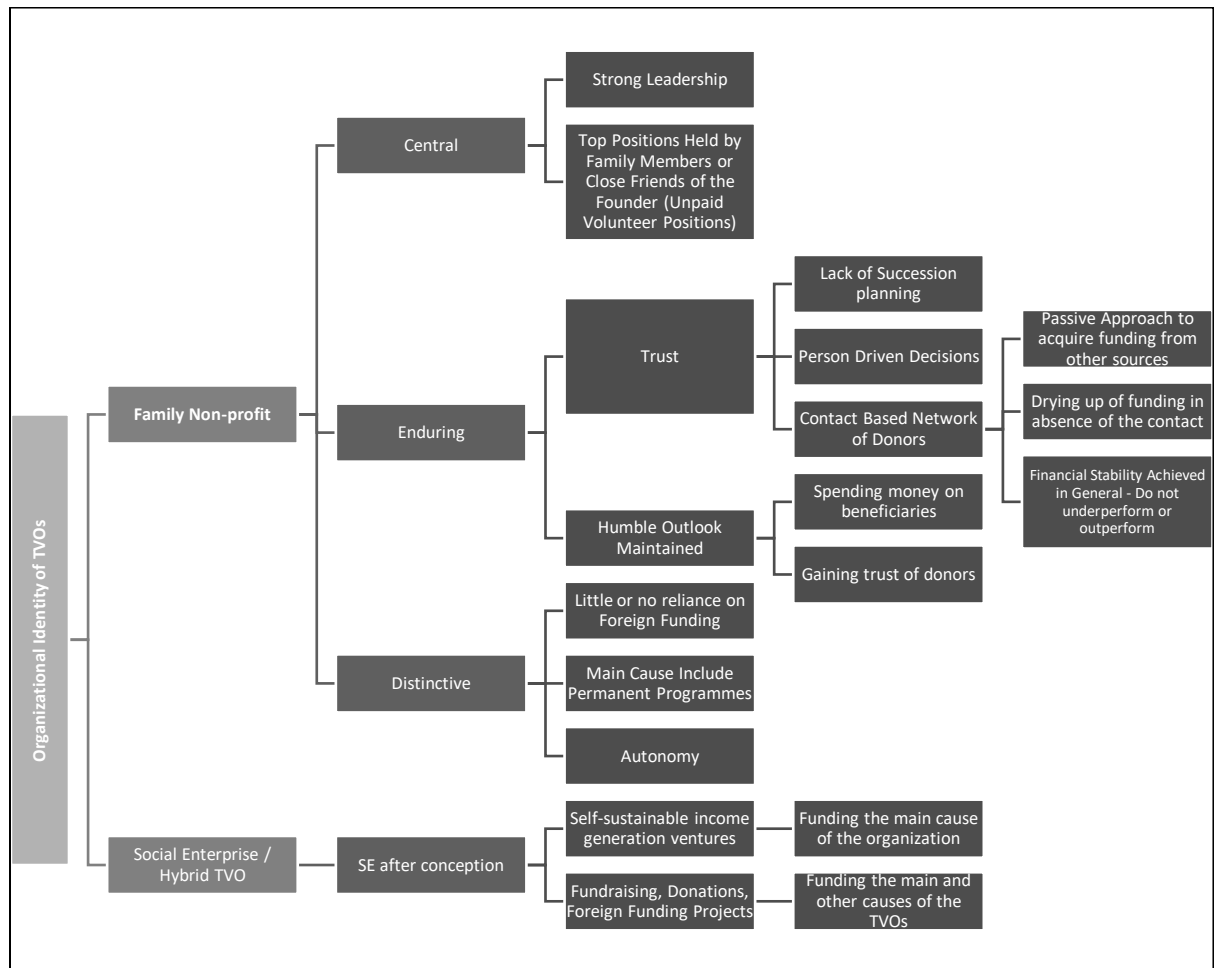


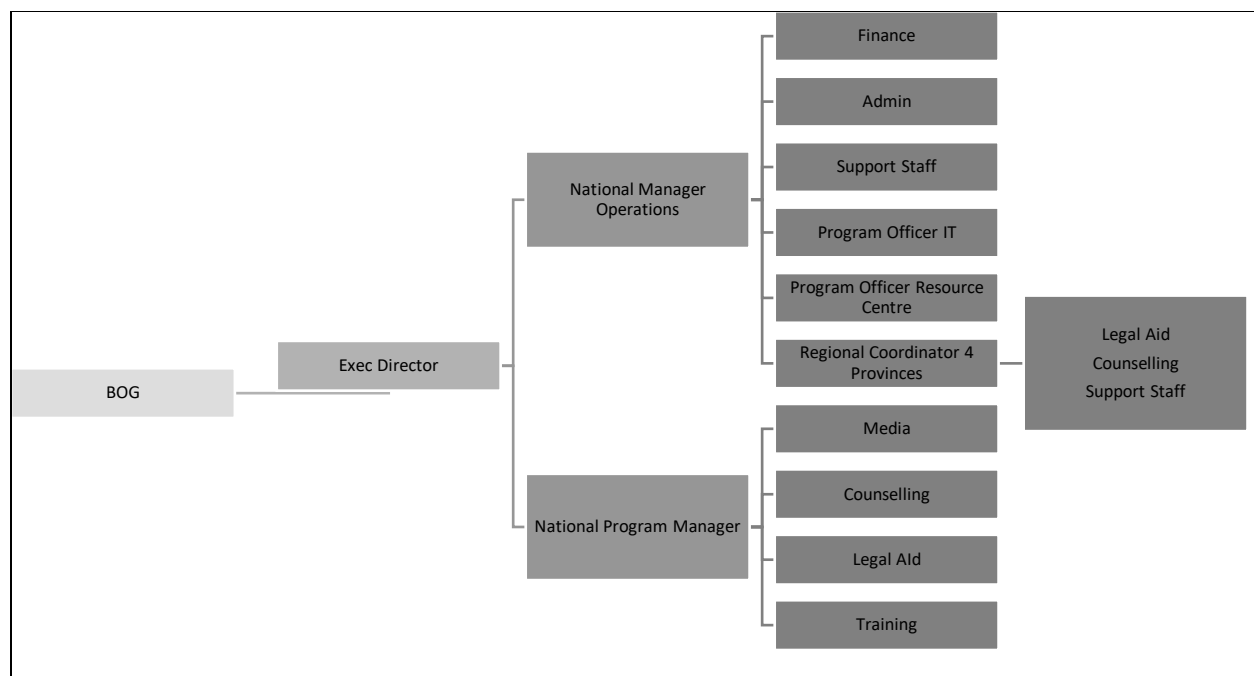
Figure 7 Family Non-Profits Summarised

## **5 CHAPTER 5: DATA ANALYSIS NGOS**

Like the previous chapter on TVOs, this chapter presents separate case studies of the two NGOs, Subah and SEED, followed by a combined analysis of the NGOs.

### **5.1 1<sup>ST</sup> NGO: SUBAH**

Subah is an internationally-funded NGO operating in Islamabad, which was incepted in 1996. The main domain of the organisation is child protection, especially child sexual abuse. The organisation was established by a few teenagers, who felt strongly about the cause. Subah works on advocacy, training, creating sustainable local mechanisms to protect children, research, publications, free legal aid, and counselling. As of 30<sup>th</sup> June 2015, according to Subah's income statement, the surplus for the year 2014 was PKR. 8,666,574 (\$82,672). A total of nine interviews were conducted with senior and middle management of Subah in May 2015. The interviews lasted for an average of 45 minutes. Subah's total employees numbered 42, distributed in the head office in Islamabad and four regional offices in different provinces of Pakistan. The following organisational structure was deduced from the interviews:



**Figure 8 Organogram Subah (Source Subah Official Documents)**

The NGOs were approached after the data collection from TVOs had ended. TVOs were very keen to stress that they were not an NGO because they did not have fancy offices and did not operate short term projects with the help of international donors. Both of these perceptions only presented half of the reality. Following are the notes from the field diary after the very first interview at Subah,

Interview Number: 1 Date 12/05/15  
Name:  
Position: National Manager Operations  
Location: F-8 Markaz (Centre), Islamabad

Observation Pre-Interview:

- Office is located in on 1<sup>st</sup> floor of a commercial plaza in F-8 Markaz.
- As compared to both TVOs the office is better maintained. It is not very fancy but it is well organized and maintained as compared to TVOs office I saw in past 5 months.

Observation Post-Interview:

- The top and other positions were held by paid employees.
- The manager mentioned that office was owned by the organization. Total of 3 offices were donated by a donors. 3 are with the organization while 1 is on rent.
- Also suggested that pick and drop facility is provided to the employees.
- The office also had well equipped and well maintained conference room, something I did not see in any of the two TVOs.

Date 12/05/15 No. 1  
Position: National Manager Operations  
F-8 Markaz, Islamabad

Pre Interview observation:-  
1) Office located at 1st Floor of commercial plaza of F-8 Markaz.  
2) As compared to both TVOs the office is well maintained. It is not very fancy but it is well organized & maintained as compared to TVO office I saw in past 5 months.

Post Interview observation:-  
1) Top & other positions were held by paid employees.  
2) [redacted] mentioned that office was owned by the organization. Total of 3 offices were donated by a donor. 3 were with the organization while 1 was on rent.  
3) Also suggested that pick & drop facility is provided to employees.

4) The office also had well equipped & well maintained conference room, something I did not see in other TVOs.

While there is no denying that the office of Subha was located in one of the commercial areas of Islamabad, Markaz or centre, and was better maintained than TVOs offices, it would be an overstatement to suggest that it was fancy. The presence of Subha's office in a commercial area did depict that they were paying high rent however the reality was that they were operating in donated offices. The office was also better equipped as compared to TVOs, with the presence of a conference room, office reception, and better furniture. However one of the reasons for maintaining a professional appearance was due to requirements of the donors, something which will be explored in detail in later part of case study.

The NGO's employees were better paid and facilitated as compared to TVOs, along with the management who took salaries and benefits. Consequently, the motivation for joining the organisation

was different too. The middle and senior management confirmed that while they felt associated with the cause of the organisation, yet this was not their reason for joining Subah. They took salaries, had benefit packages, and availed office transport. Almost all employees confirmed that they joined and worked at Subah as it was simply a job for them. As one of the managers said:

*“Initially I had joined it solely as a profession but later on I came to know... Umm, I wasn’t quite passionate at that time but later on I came to realize it, with passage of time. I have previously worked with a non-profit organisation. So nothing special but yes I was interested in social work. I happened to drop my CV here I was called in, I was interviewed and this is how I was selected here”*

Also unlike the TVOs, the top positions at Subah were also held by paid employees. Apart from the CEO’s position, which was held by the founder’s mother, no other position had a family member or friend of the founder. The CEO, Bushra, did not volunteer for the organisation but held a paid position. She explained that her reason for taking over Subah was that the young founder wanted to close it down, as it was getting difficult for her to manage the organisation. As Bushra explained,

*“...And in the next board meeting my daughter told the board of directors that she wanted to quit, she could not do work on it anymore. At that time we had a huge funding from Netherlands but my daughter had not touched it for two months; she said that she would return the funds and she would even shut down Subah. So at that time I advised her to take a sabbatical for 3 years or so and till that time I shall look after her organisation. But she never came back once she left. That is why I am still here, working for it.”*

The organisation was not registered in its first year of operation. It was run informally by the founder and her friends who worked on small projects of child abuse. After running it for a year, the young

founder wanted to shut it down as she was going abroad for studies. However, at that time, significant international funding by Netherland embassy, in Pakistan, was offered to Subah to work on child protection issues. Anooshe could not manage running the organisation so her mother took over and decided to complete the international funding project. It was then, in 1997, that the organisation was formally registered as an NGO. From 1997-2000, Subah worked with the Netherland funding. However eventually the project ended, and Subah was left with no work. At that time, the Norwegian Embassy in Pakistan approached Subah to work with them on Child Sexual Abuse. Since then the organisation has been working with the same donor.

The management was asked if they identified themselves as an NGO and reasons for it. Bushra responded,

*“We are a non-profit organisation, commonly known as an NGO I think. Why are we called an NGO and not a TVO is probably because we are a donor funded organisation. Almost all donor funded organisations in Pakistan are called NGO.”*

Interestingly, while Subha’s management was not reluctant to call itself an NGO and the identity was clearly owned by employees as well, the same was not depicted on website or brochures of the NGO. Following are the two screenshots from Subha’s website where it has been identified as a non-profit and not for profit organisation.

☐ is one of the few Non-Profit Organizations which has been working on child protection since 1996 with a special focus on the issue of child sexual abuse and exploitation.

This MOU is made between the Government of Pakistan through the Economic Affairs Division, (hereinafter referred to as “the Government”) and ☐ (hereinafter referred to as “the Organization”), a not-for-profit organization registered under (law) at ☐ Islamabad

There was not a single instance where Subha identified itself as an NGO on either the website or other written material. A clear reason seems to be the prevailing negative sentiments in public about the term NGO. It was further probed how they differentiate themselves from a TVO, to which Umair suggested,

*“the organisations (TVOs) you are talking about have a huge asset based and its due to sometime their parent organisation or other sources. We don’t have that and hence can’t operate like them. We have to rely on donors because we don’t have any other funding source”*

Management of Subha did not show negative sentiments against the TVOs and how they operated. They simply differentiated themselves from TVOs suggesting that NGO in general have small or non-existent asset base due to their reliance on donor funded projects. The reliance on the donor funded projects led to Subha’s identity as an NGO and consequently drove other decisions too. When asked about having better offices than TVOs, the management instantly dismissed the idea. Bushra suggested,

*“Does this look fancy (pointing around the office)? This is not fancy. We are in a donated office and trying to operate with minimum costs possible. You know donors require us to have clear procedures and a physical presence so they can award us the projects. One of their requirement even include having a receptionist in the office”*

It was clearly suggested by management that they did not own a fancy office or drove luxury cars. The office was better maintained and set up due to requirements of the donors.

The donors funded the organisation through child protection projects. The management was proud of the fact that they never diverted from their main cause. They had turned down funding in the areas of

women rights and other advocacy projects. Over the years this focus helped Subah make its mark in one particular area. As Bushra observed,

*“Now we are often asked to send our concept paper to different organisations and that is for us a huge achievement. That is maybe because we are so transparent and so committed and they know it. We are known in the field as people who are honest, committed and want to work”*

In the initial years the organisation was limited to Islamabad and nearby areas. In 2002-2003, the management decided to increase its outreach by expanding to other provinces. Regional offices were set up in all four provinces of Pakistan. These offices included a coordinator, counsellor and a legal aid officer. The organisation divided itself into Activities and Programmes. The activities at Subah were permanent, while the programmes were run under these activities. Legal aid, Counselling, Media, and Trainings were the permanent activities (Main Departments) of Subah.

Legal Aid Office, one of the main permanent activities of Subah, was set up with a team of lawyers who contacted the victims of child abuse through postal letters. Most of these letters went unanswered as child abuse is still considered a taboo topic in many areas of Pakistan. In 2015, the organisation sent out 1202 letters to victims of child abuse. After the responses from families, 215 cases were taken up by Subah for legal aid and counselling. The families were often deprived of the basic facilities. Subah offered free legal aid to these families to prosecute their case in the courts. The families who were near urban centres were provided legal aid by Subah lawyers. The families in far-flung areas were referred to lawyers near them through a Referral System.

The second main activity of Subah was the Counselling Centre. The centre consisted of qualified psychologists who provided psychological help to child abuse victims. The centre also provided trainings and conducted awareness sessions in the schools. The purpose of this centre was to help the victims of child abuse to resume normal life. The centre also helped parents and guardians of children to deal with



the situation. The counsellors from the healing centres, in collaboration with the training department, also delivered training and awareness sessions in rural areas. These sessions were delivered to schoolteachers, children and parents. Being a NGO, driven by donor funded projects, the organisation faced issues in outreach. The organisation was not allowed to go beyond the defined areas and activities as proposed in the work plan. As Ayesha explained:

*“Being in an NGO we are limited to do certain things; we cannot go beyond the usual activities to do something on our own. We receive funding and thus we are bound to do only those activities that part of a project. Like if I receive an early marriage case or a divorce case then I cannot provide my help to those cases, they are sent to the referral lawyers’ process”*

Another permanent activity of Subah was the Media Department. This department published “*Number Report*” every year. This report included reported child abuse cases from Pakistan. The department gathered information from newspapers, news channels and other publications. As Umair revealed:

*“It (the report) tells whether they are strangers, acquaintances, belonging to rural or urban areas, belonging to which society etc. The demographics of the victims like their gender, their age, their class...you will find all the information in this document”*

Subah’s management claimed that this report was the only authentic report published in Pakistan on this topic, which was often referred in court cases by judges. Another responsibility of the Media Department was to publish quarterly magazines for Subah. The magazines were distributed free of cost to the regional offices, community networks and libraries. The cost of publishing and distribution was borne by Subah under Norwegian embassy project.

The 4<sup>th</sup> permanent activity of Subah was the Training Department which ran training and awareness programmes for schools around the country. There was no separate budget for the training department.

The trainings were delivered on request to the schools with costs shared between Subah and the requesting organisation. As a trainer explained:

*“...the budget or expense is spread over the host and the guests in a way that sometimes we say that okay we will take care of the travelling costs, the hosts on the other end make arrangements for our accommodations and food. Because our main purpose is to create awareness and that it pivotal for us, so we try to organize the trainings”*

The department was working on two projects in 2015 (when the data was collected). One project “*Her Bacha Mehfooz*” was run with the funding from Norwegian embassy, but the funding was limited to paying salaries of the trainers. Under this project, the training department conducted training on child abuse for children, teachers, and parents. The purpose of training was to raise awareness and provide information about whom to approach in case such incidents take place. Another project was focused on training the organisations, which could replicate the training for Subah in their communities. The training for organisations was initiated by the EU project. Although the project had ended, Subah still ran the trainings on request basis.

Whenever Subah applied for donor funding, they made these activities part of the application. As Umair explained:

*“Now these activities... these are our on-going activities. For example providing legal aid is one of our on-going (permanent) activities... There are work plans that show our targets and objectives to the donors.”*

When Subah worked with the EU on a project, they made a work plan for year 2013, which included funding for programmes under the activities such as establishment of Child Protection Networks in far-

flung areas. Norwegian embassy funded Subah for its day-to-day operations while the NGO seek other donors, such as EU, for short term projects.

There were no volunteers in the head office and regional offices of Subah. However, the community networks were run by volunteers. The purpose of these volunteers was to report any incidents that might take place in their vicinity and also to train the community about cases of Child Abuse. To encourage these volunteers, Subah gave out a Best Volunteer Award every year. There were also training sessions arranged for them from time to time. The management felt that the motivation to serve the cause would recede if Subah failed to keep in touch with these volunteers. Volunteers could apply to be part of Subah through the website. The initial selection was temporary based on 3 months performance, after which volunteers were given permanent status for duration of six months to three years. As Mamtaz explained,

*“there is proper system for recruitment and there is an eligibility criterion whether one is eligible to volunteer or not. And their annual or monthly performances are then shared with us automatically... Once we are satisfied with their (volunteers) performance, the bond or contract with the volunteers is renewed and their cards are incremented to 6 months, then a year and finally into three years duration”*

It is important to recognize that these volunteers were very different from TVOs volunteers, as they were at the lowest level of the organisation. They were recruited, or they volunteered, when a project was implemented at their village or town. Many of them left when the project funding ended, as Subah could not continue with full-scale implementation.

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#### **5.1.1 DONORS AND FUNDING**

Unlike the TVOs, Subah was built around the donor projects. The key donor was the Norwegian Embassy in Pakistan, which funded Subah's main activities. The management categorised the organisation as a donor-driven initiative. As Umair explained:

*"You see these organisations, I mean the NGOs, and if you categorize them they are of two types, one is fully fledged donor driven while the other one is semi government organisation. ..Subah and other similar companies are totally and completely donor driven. So in order to run any organisation and especially an NGO you need funding, and funding always comes from a donor"*

The management at Subah suggested that the issue of child sexual abuse was considered a serious issue by their main donor, and that is why they had funded Subah on permanent basis. The embassy called Subah its programme and not project. As Umair explained:

*"They call us a programme and they don't call Subah as a project. You know the difference between a project and a programme? Project is only for a specific period of time, but a programme is always on-going."*

The management denied hiring people for the duration of project only. The employees did not work on contractual basis, but rather all of them were permanently employed. The reason behind this was the continuous flow of funds from the Norwegian embassy. The management did realise that if the Norwegian embassy's funding stopped, Subah would eventually have to lay off employees. The only time Subah laid off employees, in one department, was when they had a three-year project from EU. The project required an evaluation department, which was set up for the duration of the project and closed down as soon as the project ended. Apart from one incident, no other employee has been laid off since the organisation's inception.

Other than the main donor, Subah had worked with European Union and Netherland Embassy in Pakistan. These two donors provided funding to Subah lasting between 2-4 years. However, projects with both of these donors had just ended when the research was conducted (July 2015). During the data collection period, another donor had approached Subah to work on a child protection project. The management was particularly pleased as this represented significant foreign funding opportunity and could help Subah in expansion and outreach.

One of the projects with Netherland Embassy helped Subah buy transport and some other assets. The three year project with the EU helped Subah increase its outreach and sustain itself. Under the EU project, Subah established Child Protection Networks (CPN) in 160 villages of 12 districts across Pakistan. As the permanent activities were already funded by Norwegian Embassy, Subah used the new project funding to select villages in different districts (in the rural areas) to create community networks. In these areas, 30-50 people were provided Child protection trainings. These were followed by training for teachers and parents. Subah created CPN networks under a funded project, which had ended after three years. However, Subah tried to run them on its own. The trainers of the organisation made regular visits to these communities to keep an eye on the progress of the CPNs. The progress and monitoring was not part of any project at Subah; rather it was an initiative that organisation took on its own. Subah wanted to expand the CPN, but the funding constraint stopped them. As Bushra explained,

*“..You see we had come up with child protection networks and village with EU. So basically I would like to strengthen that, because that is where the work really is, that is where support is really required. Moreover people work voluntarily for that, which means that they are unpaid workers. So I want to give them something that supports their activities”*

The management understood that short-term projects were not good enough to reap long-term benefits. The end of EU funding led not only to the laying off of a few employees but also to the

probable end of child protection networks. While there was no salary cost associated with the networks, there were costs of training and volunteer management. The Norwegian embassy had agreed to fund networks for the time being. Bushra explained the expenses,

*“We provide these workers with cards, their names on them. We select teams of two people from each village who represent their areas at district levels. And it is all voluntary and they are quite happy to be there. But yes I must feed them with something all the time, otherwise the motivation will vanish with time and they would wonder what they have here to work for”*

Different donors had different approaches towards funds spending. One type funded the project and had a very clear audit policy. This policy indicated that the leftover funds, after the project completion, had to be returned to the donor. When Subah made a work plan to execute the project, it would also include spending on laptops, transport, or any other assets that maybe required executing the project. Once the project was completed these assets would remain with the organisation. So while these donors did not allow the leftover funds to go to Subah’s endowment fund, they did allow Subah to improve its inventory and assets. The second type of donor allowed a certain percentage (usually 6-7%) to be spent on administrative cost. Donor did not ask for the audit of this particular percentage. After spending on administrative requirements, the leftover money was put in Subah’s endowment fund. As Umair explained,

*“...when the fund is released it is clearly specified that for example 7% should be spent to cover administrative costs, and for that we require no security. But the remaining should be fully used in the activities to execute the project. So that % we deposit it in the endowment fund and that aids in the organisation’s sustainability. And since that 7% is approved by the donor hence it is not objectionable whether how we like to use it. Norwegian Embassy doesn’t work like that but yes EU does”*

The Embassy appreciated that Subah needed to get more donors so it could sustain itself. As Umair explained:

*“Norwegian Embassy itself advises us to have more than one donor in order to sustain Subah.....I remember at that time we were so concerned that perhaps we will have to give up certain activities despite knowing our expertise and abilities to do certain programmes.”*

Different donors had different approaches toward implementation of a project as well. Some gave more autonomy to Subha while others operated with strictly defined rules. Some donors chose the areas, projects, and outreach for Subah, while other expected Subah to choose the areas and outreach within the specified budget.

The employees and management at Subah were evidently aware of the dilemma that the NGO faced. They described it as an everyday problem where they had to struggle to get funding, keep the permanent activities alive, and continuously look for more projects. The biggest struggle for the management was to hire new employees and then let them go once the project ended. No matter how valuable an employee was to the non-profit he/she had to leave because the organisation could not afford the HR cost. As Umair said:

*“This is a big dilemma in this sector. I receive so many CVs from job applicants on daily basis and tell you what people with working experience of 10 to 15 years usually send their CVs. I receive resumes from excellent professionals of the sector who are now jobless. Why? Because the projects came to an end and the organisations had to downsize and lay off. And its impact is so much so that the applicants drawing salaries from 100k to 200k Rupees are now willing to work for even 40k rupees per month. They just want a job.”*

Most of the employees at Subah felt that this dilemma existed for the people who worked on specific programmes. They claimed that people working in IT, Finance, or HR department did not face the same issues because their expertise could be utilised in different types of organisations. However, someone working on a specific programme, for instance child sexual abuse or disaster management had to find a niche job in the particular area.

Subah did understand evidently that reliance on one single donor was one of their biggest issues. However they had few ideas about how to solve it. The organisation did not want to deviate from its main cause (child sexual abuse). They had turned down projects that were offered in Child Labour and women rights area. Upon probing, it was revealed by management that if Norwegian funding stopped, the Endowment fund could keep them going for months. In the meantime, they could look for donors who could fund their activities in the future. As Umair explained:

*“...we are hopeful that there must be donors out there who would understand our mission and vision and we will be able to get financial support and assistance from them. Now that support might not be as much as we receive from the Norwegians. So in that case we will eliminate certain activities from the programme, we might consider downsizing unwillingly because ultimately you have no other choice.”*

The difference between Norwegian embassy and other donors was the way the projects were awarded to Subah. For instance, the legal aid department was set up in the Islamabad head office. The task of legal aid department included approaching the victims and providing free legal aid. The funding from Norwegian embassy covered employees' salaries and other expenses of the department. If Subah wanted to expand the legal aid department to the community level, it was not possible with the limited funding available from Norwegian Embassy. As Sana explained,



*“What normally happens is that the contract is of three years and at the end of the final year we have to send new proposals to get an extension. But this is not the case with Norwegian Embassy.*

*They have always considered us as a programme and not a project.”*

Apart from the donor-funded projects, there were other non-regular events that helped Subah raise funds for endowment. On one occasion, a concert was organised in Islamabad. For the last two years, Subah had been arranging a Fund Raising Bazaar in Islamabad. As Umair explained:

*“...Other than that we have been holding Fund Raising Bazaar for the last two years.. One of founder’s friends had come up with the idea of Fund Raising Bazaar and it proved to be very beneficial for us; we were able to earn 4lac (\$4000) rupees the last year and this year we earned around 9lacs(\$9000)”*

The bazaar and other activities did generate good funds for Subah. However, they were not regular events. The management felt that raising funds through activities was beneficial, but raising funds through contacts was much more convenient as it was easier to convince the people who knew about Subah to donate as compared to finding new donors and convincing them. However, there did not seem to be a serious regular effort for fundraising at the organisation.

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### **5.1.2 INCOME GENERATION**

One of the reasons that Subah survived well in its initial years was because they operated in 3 donated offices. As Umair said,

*“Luckily the added advantage that Subah received at that time was that these three offices, the one you are sitting in and the two in line adjacent to this one, were donated to Subah by someone.*

*So we don't have to pay the rent, which is currently around 40 to 50,000 PKR per month. Subah purchased the fourth office on its own and now we have a total of four offices at Subah."*

With its own resources Subah managed to purchase the fourth adjunct office. Subah had its own set up in three offices while the 4<sup>th</sup> office was rented out. The rent generated some income for Subah. The rent was not enough to sustain Subah, but it did make a small contribution towards the Endowment fund. The management at Subah, over a period of time, were able to build up the endowment fund. As Bushra explained:

*"We have been able to make money with the help of our consultancy services and the funds to support admin costs. So over the years we have worked very hard, we began with 50 thousand rupees (\$500) and now you can see where we stand (\$200000). We were able to collect a lot over the years."*

There was some good amount kept in the endowment fund. However, it was not good enough to sustain Subah for number of years. The probable reason for having a small endowment fund was the absence of a significant income generation venture. The donor-funded projects barely allowed money to go towards the endowment. The management saw the funds in the endowment as a survivor package for the rainy days. While they were pleased with the funds they had gathered over the years, they visibly understood that it might help Subah survive for six months to one year in the absence of other funding. The fund was considered a backup for the days when funding delays occurred at the donor end. As Sana explained,

*"you see we receive zakat (religious donation) from various friends, we even generate money from several fund raising events but that is how much? 4-9 lacs (USD \$4000-9000)? That does not suffice. But yes it helps us sustain during the time when we are waiting for the next funding"*

Another small source of income for Subah was the paid training that they delivered to different organisations. Most of the training courses given by the training department were free of charge as they were given to deprived off communities. There were, however, some courses that were delivered to institutions, which could afford to pay. This was not a significant source of income for Subah however it did make some contribution to the endowment fund. On a few occasions, the trainers were hired by government to deliver awareness lectures and trainings in schools. However, the management did not see training as an income generation venture that could help Subah sustain itself. As Bushra said,

*“No it cannot! You see it does not last; these activities are only for filling the gap... we cannot run the show. I call it my exit strategy, that at least if we are able to reach out the people at all the district levels for the cause of child protection, if that is achieved, then we would reduce to a resource centre only, we would shift to our other office and rent out all these buildings. This is perhaps how we will be able to survive.”*

The management saw the training department as their only surviving department in case the funding ran out. Their plan was to fund the training department with the rent of the buildings and continue to spread the awareness. Currently the training department was unable to have a significant outreach due to donors' requirements to spent funding in a specific manner. The trainers expressed their dissatisfaction over choosing specific area and specific audience for the training. As per the project budgets they were not allowed to train more than a certain number of people during each training. The projects also defined the targeted areas. One trainer expressed her concerns,

*“I personally think that it is better to cover the whole area than targeting only a few people, even if it takes you days to cover than entire area. Targeting only chunks of different areas is not very beneficial”*

The organisation, since its inception, has delivered training courses in 40 districts and nearly 140 villages. However they wanted to achieve more in the coming years. The management was considering choosing certain villages in districts, which could act as training points for nearby villages. The management did feel that they were making an impact with the awareness campaigns. There were several case studies mentioned by where due to Subah's efforts children were saved from abuse, parents stood up against the child marriage, and teachers played influential role in helping parents protect their children better. One of the closed income generation ventures of Subah was the "Just Paper" project. In the early days of Subah, the young founder set up a factory in suburbs of Islamabad. The factory made handmade papers from Banana peels and leaves. A few multinationals ordered the paper for their office use from the factory. The factory did well initially by breaking even in a short span of time, but after the founder moved abroad and larger projects were awarded to Subah, there was less attention directed towards the venture. Eventually the factory was closed, as it was costing money to keep the factory going. As Umair explained,

*"..the problem was that it wasn't able to make enough sales. It was going into loss. People didn't understand its worth. So it was hardly meeting the break-even point even. I remember there was a lady from Karachi who would place an order worth 2-3lac rupees. So that relieved us for 4 to 5 months. But someone buying a single sheet for rupees 150 or a pencil box for rupees 60, that wasn't making much difference to our sale."*

The management accepted that they had a good product and a venture that could have been successful. Their reasons for shutting down the factory included the requirement of a manager who could approach organisations to buy the product, however the NGO was unable to bare such expense. The head office had the advantage of owning the offices however all the regional offices were on rent. The rent of regional offices was a continuous expense borne by the Norwegian Embassy. If the funding

from the Norwegians ran out, the first cutback by Subah would be the cost of the regional offices, which meant that the outreach of Subah would be limited to its head office and surrounding areas. Interestingly, the organisation was well aware that it would not survive without the donor funding. However, they had their own reasons for not venturing into self-sustainability. Bushra clearly said,

*“To tell you honestly Subah will not be able to sustain on its own. It will definitely not work if there is no support. Not with the expansion that we have, not with the kind of outreach that we have...it cannot work. We have nearly 2 crore rupees (\$200,000) in our endowment right now, approximately. But how long can we rely on that.”*

The management also felt that the donors did not appreciate the self-sustainability efforts of an NGO. The donors did not openly deny Subah the right to make efforts towards self-sustainability but they also did not appreciate it by offering support towards it. The management mentioned that they needed to make efforts on their own for achieving self-sustainability. Donors were generous in giving them funding for projects, but they were not willing to extend any funds, which could help Subah become self-sustainable. The management and employees did realise they were dependent on donors to a great extent, but they did not think the organisation was going to close down if the current donors left. As Mamtaz explained,

*“I do not think that if these current projects come to an end then there will be no other organisation to support us; I think the gap will fill with other new donors”*

While it was good to be hopeful, it also showed that NGO was not willing to think about other funding options. The employees were well aware that they were working in a donor-funded organisation. Despite understanding this, the employees did not consider income-generation an integral part of an NGO. Most of them felt that NGOs were not built to have income generation of their own. They were

meant to be a donor-funded organisation, and if funding from one donor ran out they would look for another donor. One of the employees suggested that not making efforts for income generation was probably due to how donors perceived the NGOs. If donors saw an NGO making efforts for self-sustainability, they would think the organisation did not need funding. As Rizwana explained,

*“...but may be because of the fear that it will give the donors the impression that we are self-sufficient and in future they might cut down on funds for projects thinking that the NGO would be able to manage on its own”*

Some employees felt that expecting self-sustainability from Subah was an absurd idea. They were not dealing in microfinance or huge projects from where they could save huge sums of money, so Subah was always going to be a donor-driven organisation working on small and medium-scale projects. There was a consensus amongst employees that organisations like Subah needed a permanent or long-term donor to survive; otherwise most donor-based NGOs closed down once the funding ran out and they failed to find more donors to fund their programmes. As Sana said,

*“I think donors should think about it over here. Because donors demand impact and I believe that impact cannot be attained in only 3-5 years or even 10 years’ time... Having known all this we expect people to change their attitude and behaviour after attending my one training session? Well this overnight change is impossible”*

The management and employees at Subah felt that there were serious trust issues at the donors’ end. In general, almost all international donors in Pakistan tried to work on 2-5 years projects with NGOs. The time and funding limitations bound the NGOs to deliver small scale, short-term projects. There was dissatisfaction with the mechanism of applying for extension or renewal of funding at the end of

specified time. The employees felt that donors needed to trust the NGOs more and give funding for a longer period of time.

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### 5.1.3 THE PERCEPTION ISSUES

As mentioned earlier Subha did not recognize itself as an NGO in any written material or on its website. Being an NGO and working in vulnerable areas, Subah faced multiple perception issues. Venturing into these areas and approaching people over this sensitive matter was a difficult task. It was hard for Subah's counsellors and trainers to introduce themselves as NGO workers. At times, they faced life threats and boycott by the community they tried to approach. Some communities saw them as threat to their way of life and did not allow access to children and women. The employees of Subah, who worked in the field, saw it as a problem of perception. As Ayesha explained:

*“Personally what I believe is that you should know what the organisation is doing and what its threats are. If I am going into a field and doing something then it should be understood whether it is productive or is it threatening. For example if I go to an area and prepare women to stand against their men then it is obviously a threat. So government should monitor these NGOs and check for itself that how much productive one organisation is; government can do that through surveys in the communities where we give trainings, it can ask people if those trainings were beneficial or not”*

One of the counsellors, who had been working in the field for the past seven months, delivering training in the rural areas, explained that the way of life in the vulnerable areas was very different. Most NGOs, unaware of the way of life, did not care to respect that. Ayesha, a counsellor delivering training and seminars in the field, explained,

*“The local people see the other NGO workers as shameless and bold women who had come to the area to spoil their women too...because of them initially people do resist because they feel threatened but it goes away when they start understanding us. Like I told you that they believe that women from NGOs spoil their women and motivate them against their men and these things do happen in real; a woman is told to voice her concerns and motivated to stand against the dominant, so she ultimately becomes a threat for others in that community. So I do not tell people in my trainings that you have to protect your children from sexual abuse no matter what. I rather guide them how they can prevent it and how these issues can be minimized”*

These NGOs, working on small-scale projects often came to these areas for short span of time. The problem with the small-scale projects was that it gave NGOs less time to understand the surroundings, and they delivered the project and left the area. Subah, already working on a sensitive issue, was very careful in such areas. The counsellors adapted their dressing (women covered themselves up) and delivery of lectures was carried out according to the environment. Segregated lectures for women and men were arranged in such areas to avoid any issues. The counsellors explained that they had to adapt their way of delivering the message according to audience. Early marriage of girls is an enormous issue in rural areas of Pakistan. It is not considered wrong to marry the girls at the age of 12-15. This is considered part of culture and often examples are drawn from religion to justify this. Anyone advocating against the issue can not only face serious social issues but also risk religious debate leading to misunderstandings. Subah delivered the awareness seminars on Early Child Marriage by targeting the health aspect. The audience was informed that when they marry their daughters at an early age the girls can develop serious health issue, and it is one of the biggest reasons for women to die during childbirth. As the focus was put on health rather than on challenging social and religious beliefs, the message was communicated in a better way. As Ayesha explained,



*“So they understood us and it was an achievement for us that our message had reached to the audience and understood. But on the other hand if I had preached that early marriages should be stopped because we don’t think it’s right then definitely we would have faced resistance”*

There were also perception issues with the services Subah provided. The counselling centre provided free psychological help to victims and their families. Usually the victims and their families came from poor financial backgrounds. One of the counsellors suggested that charging a small fee might make the service more valuable to these people. As Ayesha said,

*“Well you see the general perception about free of cost services is that they are useless. Similarly people might doubt my services that I give free to the victims... I believe is that if you charge them a little fees they will feel more value to our information and they would want to retain it”*

This is the same reason due to which Umeed and FED charge a small fee for their services too. The purpose was not to make money but to make the receiver realize the value of it. Relating to the same issue the organisation could not turn these services into income generation ventures. Subah’s general audience were people from poor financial background due to which the organisation did not charge for its services, but this also led to perception that services were also of poor quality. Consequently, they were not availed by anyone who could afford to go to a paid psychologist or legal help. It was difficult to put a standard charge on services due to their targeted audience and not charging anything was costing them a potential income generation venture. One of the counsellors explained,

*“I have seen that often teachers and parents from well off families would come and feel disappointed that we are not charging anything, and they would even ask if there are any better counselling centres in the city. So this is how our intentions and psyche is processed”*

The data from the NGOs was collected after it had been collected from the TVOs. In the interviews, the idea of person-driven organisation was probed with employees and management, but the response was surprisingly negative. The management and employees clearly suggested that the NGOs are not person-driven at all. As Sarah explained,

*“Everyone has his own unique set of qualities and for organisations new people are always available. So I don’t think that this thing matters that if somebody leaves the organisation than it will no longer be able to function”*

There can be multiple reasons for this. One of the reasons might be that NGOs are not run by volunteers. The paid employees were easy to replace as compared to a dedicated volunteer. Also, the funding was not dependant on contact-based network of founder or top management. It was driven by the projects and the projects were awarded based on organisational reputations rather than a person’s repute.

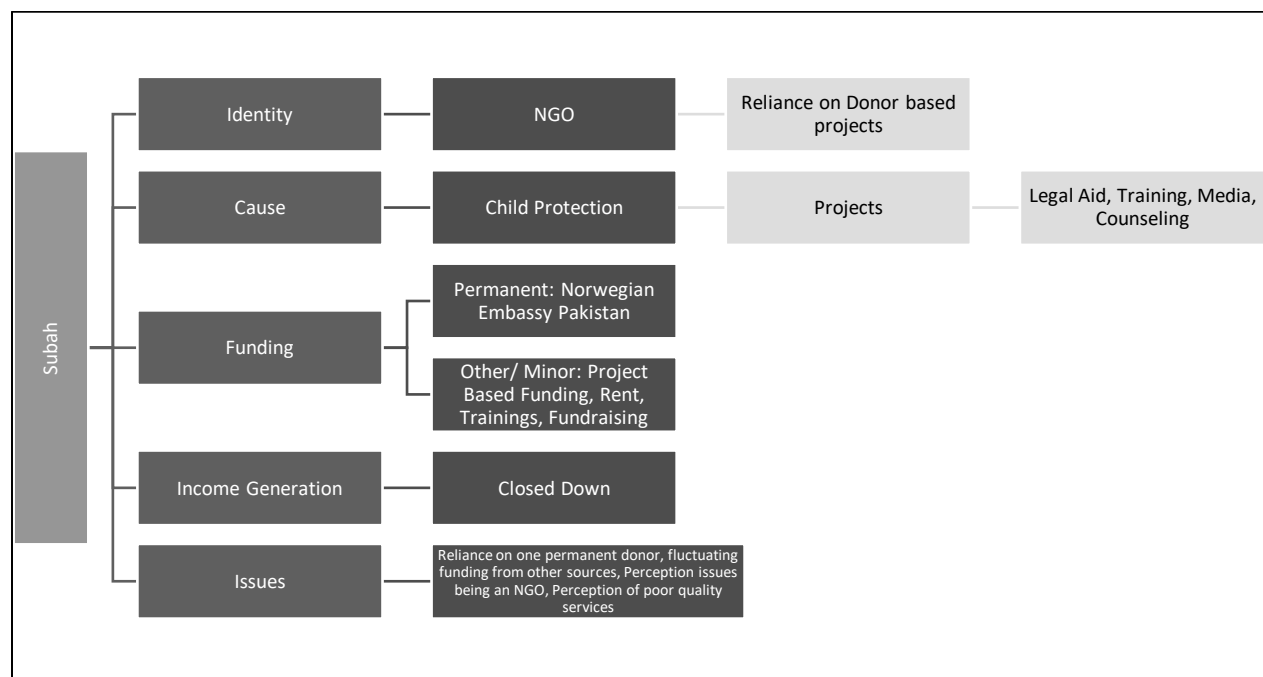


Figure 9 Summary of Subah’s Analysis

## 5.2 2<sup>ND</sup> NGO: SEED

The second NGO chosen for this research was Society for Education, Empowerment, and Development (SEED), which was registered on 5<sup>th</sup> May 1999 in Islamabad under the voluntary social welfare agencies ordinance of 1961. The organisation was referred by Subha's management as a similar NGO located in the same building. The managing director/founder was from a medical background. Her motivation for starting an NGO, which mainly focuses on health related issues, was embedded in her background. She saw the deteriorating health facilities in the country and how people had little access to those facilities. The NGO also worked on promoting human development for the under-privileged in gender perspective. Currently the organisation has multiple areas of work including health, education, training, rehabilitation, gender, poverty alleviation and income generation. Following is a screenshot of field diary after 1<sup>st</sup> interview at Sachet.

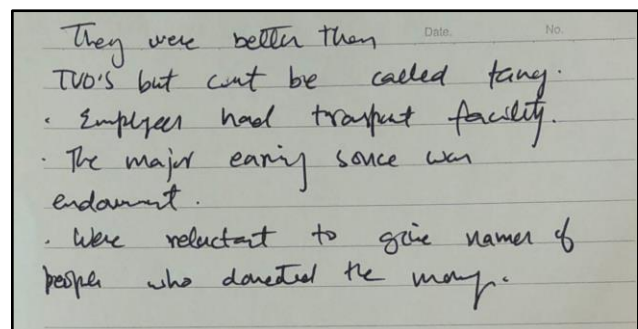
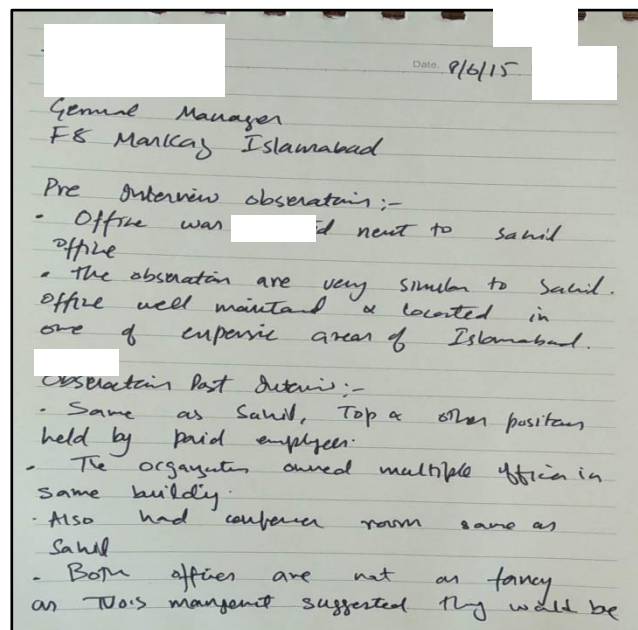
Name: \_\_\_\_\_ Date 08/06/15  
Interview Number: 1  
Position: General Manager  
Location: F-8 Markaz, Islamabad

### Observation Pre-Interview:

- The office was located next to 1<sup>st</sup> NGO's office.
- With almost similar observations as 1<sup>st</sup> NGO the office was well maintained and was located in one of the expensive areas of Islamabad

### Observation Post-Interview:

- Same as 1<sup>st</sup> NGO, top and other positions held by paid employees.
- The organization owned multiple offices in the same building.
- Also had the conference room same as 1<sup>st</sup> NGO.
- Both (NGOs) offices are not as fancy as the TVOs management suggested they would be. They were better than TVOs but surely can't be called too fancy.
- Employees had transport facility
- The major earning source was endowment.
- Were reluctant to give names of people who donated the money.



There were quite a few similarities between Subah and SEED. The NGO was spread in the building in multiple offices, all of which were donated. The office was well maintained and had a conference room. One of the differences with Subha was that SEED relied to a greater extent on its endowment fund, along with donor funded projects, and served multiple causes rather a specific one. The official website of SEED introduced itself as advocacy and service delivery organisation. The organisation claimed to have undertaken several advocacy projects with sustainable impacts, as well as service delivery initiatives with international donors. The list of donors included British council, UNFPA, PLAN, USAID, OXFAM and UNAID. Following is a screenshot confirming the same information,

has worked with the following development & donor agencies as executing and or implementing partners:

As Subha, SEED management also confirmed being an NGO which ran some of its project through donor funded projects. However the term “NGO” was not used on any of the written material and website of the NGO.

[redacted] is an **advocacy and service delivery organization** on issues of SRHR & ASRHR through gender and development (GAD) approaches since its inception in 1999. [redacted] has undertaken several advocacy initiatives with sustainable impacts, as well as service delivery initiatives with both international donor support as well as increasing philanthropic support rooted in the indigenous context. SACHET was established with a mission of “Promoting human development with disadvantaged communities in Gender perspectives”

What exactly is [redacted]

[redacted] is a gender sensitive, welfare and development oriented civil society organization committed to genderize development in Pakistani context. [redacted] is youth focused and community driven.

The reasons seem to be quite similar to Subha (prevailing negative sentiments in the public about NGOs). The management of SEED considered itself an NGO as well due to some reliance on donor funded projects. When asked how they differentiated themselves from the TVOs, Amin suggested,

*“It’s not an easy question to answer. Let me explain in detail. The thing is that TVOs are called TVOs because they specifically focus on one area and they find ways to generate income to fund themselves.*

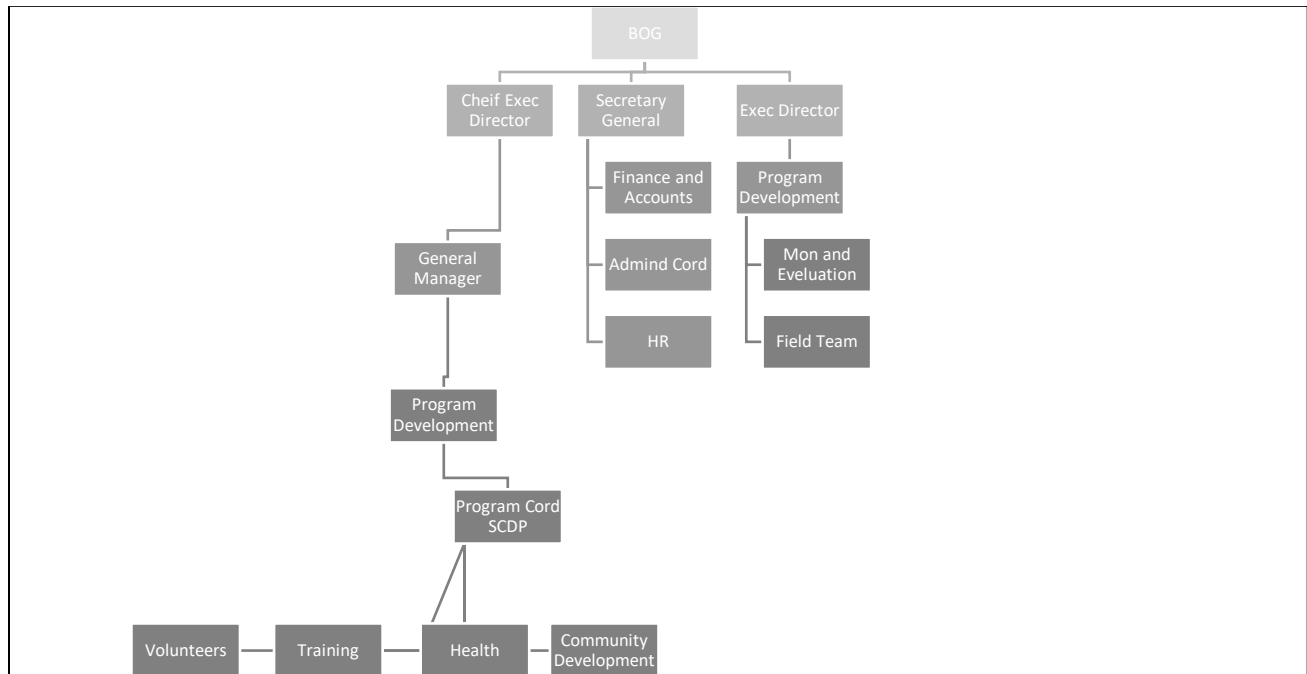
*Most of the times they are working in education. NGOs on the other hand have to work with donors because they have no way of generating their income. Also NGOs work in difficult areas and on difficult topics, taboo topics if you will”*

SEED management saw two major differences between TVOs and NGOs, one being funding and other the causes. It was evident that the management felt they TVOs choose easy areas and causes to serve. NGOs on the other hand focus on far flung areas and work on causes which are considered taboo in Pakistan. Despite this, alike Subha, negative sentiments were not voiced against the TVOs.

Another similarity that SEED shared with Subah was that it also had paid employees including the CEO (founder). None of the paid employees were from family or close circle of the founder. As in the case of

Subah, many of the employees working at SEED also claim to have joined the NGO “because it’s a job”.

The organisational structure deduced from interviews and the SEED website as follows:



**Figure 10 : Organogram SEED (Source SEED Official Documents)**

One of the key differences between Subha and SEED was in funding. While the organisation did work with donor funded projects, its main source of income was the interest generated from the endowment fund. Across different interviews with management and employees, it was made clear that the organisation was started with the help of generous donations from influential individuals. None of these donors were specifically mentioned by the organisation. These donors helped the organisation start with an enormous endowment fund and donated offices. The interest from this endowment fund helped SEED set up its first community centre in one of the backward areas of Islamabad in 1999. The financial statement of 2014-15 showed that SEED had income from government grants, partnership programme and investment amounting to 17,413,958 PKR (\$166,600) with expenditure of 18,994,183 PKR

(\$181,719). The endowment fund included national saving certificate, 102,350,000 PKR (\$9,791,91), bank deposits, 3,221,795 PKR (\$30823), land and immoveable property, 18,494 904 PKR (\$176,942) and cash in hand was 43,000 PKR (\$411) making the endowment figure stand at \$1,187,367 . The finance manager explained the building up of endowment fund:

*“Yes NGOs actually rely greatly on donations but we were fortunate to have some personalities and promoters attached to us at that time that helped us to create the endowment fund, so that we could run our programme forever”*

Despite the fact that the organisation did not have a donor-funded project in the first five years and in last few years (when data was collected), the endowment fund kept it alive. The earned profit from the endowment fund was spent prudently, and leftover profit was put back.

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### **5.2.1 SEED COMMUNITY DEVELOPMENT PROGRAMME MODEL (SCDP)**

The organisation mainly operated through SCDP (SEED Community Development Programme Model). SEED had four community centres under SCDP programme when the data was collected. These centres included a health clinic, free dispensary, vocational and computer training centre, youth friendly centre, community advocacy, and awareness programmes. The total employees of SEED numbered 51 who were located in head office and community centres. The centres were set up in the suburbs of Rawalpindi and Islamabad with the help of endowment fund.

The centres were started with a free health programme to provide basic and reproductive healthcare to the underprivileged communities. The computer literacy programme was started soon afterwards under the Education Programme. Up till June 2015, 4,987 students had learnt basic IT skills through these centres. Under the same programme, the organisation also awarded scholarship to deserving students in the centres' surrounding areas. Under the vocational training project, 442 female community

members were provided training on cutting sewing, stitching, and embroidery. The organisation also worked with Government to provide healthcare and vaccination to children in some areas of Islamabad and Rawalpindi. In the initial years, with the help of endowment fund, SEED went with a holistic approach to set up the centre. As Ayaz explained setting up the first centre,

*“So we also initiated advocacy through engagement in that unit, where we encouraged community involvement, as well as we also started a vocational centre in the same facility. We also took an initiative to establish communal literacy centre over there. So we had moved forward with a holistic approach. We did not only provide them with basic health facility but education and livelihood as well so we had started our project with a holistic development approach”*

Another area of SEED’s work was Poverty Alleviation cum income generation (PACIG). Under this programme SEED operated the vocational training programmes in these centres. Women went through three to six months training for sewing, cutting, stitching and preparation of decoration items along with the learning of marketing and management skills. SEED also opened a shop to sell the products made under this programme. The shop was called “Shop for a Cause” and sold the home-made products of these trainees. The shop was opened in one of the city centres of Islamabad, but it was closed down for multiple reasons which will be explained in the income generation section.

The purpose of operating through centres was to help build up the whole community by providing the facilities at one place. The model proved to be quite successful and was named SEED Community Development Programme (SCDP). The organisation focused on involving the community while setting up these centres. The land was donated by well off donors of the same areas. At times, the donors also helped with the building and furniture. Healthcare was the primary service in these centres. Help was sought from government and different pharmaceuticals companies for donations of medicines for the dispensary.



Other than the centres, the project base of the organisation was very diverse. In one project, implemented outside the areas of centres, SEED adopted government schools, established their infrastructure, improved teachers and the curriculum and handed them back to the government. Ayaz explained the diversity of SEED's work,

*“So health, education and income generation were our mandatory objectives and the organisation has been working on it since the beginning. These core programmes had begun right at that time. So overtime these core programmes diversified, we even went into partnerships but we remained focused on our core programmes that were our main objectives”*

Although it was not made clear what the main objectives of the organisation were, the diverse programmes at the centre and assorted donor based projects showed that the organisation operated in multiple areas. The management claimed that they had always focused on specific areas; however the scope of their own and donor funded projects stated otherwise. Ayaz explained,

*“No, our theme has always been consistent. I told you earlier that our theme is service provider and advocacy. These both things always go together in these sectors like health, education, youth related, adolescent related and yes of course the communities. And we have focused more over the rural communities.”*

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### **5.2.2 FUNDING**

It was not until 2004, five years after the organisation was incepted, that SEED worked with a donor-funded project. The last project was with British Council in 2014, and since then the organisation has not acquired any new project.

The first donor project was from European commission focused on youth development. As part of that project a youth friendly centre was set up in a small city of Pakistan, Chakwal. In this centre the young

participants of the surrounding areas were given vocational training, health related information, and education counselling. The project lasted for three years from 2004-2007. As the funding from the project ended, SEED was unable to continue with the paid trainers. However they made sure that the centre was self-sustainable. The self-sustainability does not mean that centre was generating income but the centre was still working somehow. The working included volunteers delivering training and community looking for other donors who could now fund the centre. Ayaz claimed,

*“We form community committees while we are doing the projects, and we give those committees a proper organisational structure. These community groups are trained on organisational and financial management, fundraising and book keeping etc. Then we even formed them into registered entities; we got them registered at the Social Worker department of their district. We formed their proper bodies and structure, and we introduced the same mechanism to them from which they could cover their running costs i.e. by charging fees at the computer centres, vocation centres or local fundraising”*

The management believed that these community groups kept running the projects even when the donor funding ended. It was deduced that the projects, which were created around the Centre Model of SEED, were operational. Although not all projects remained intact after the funding ran out, they still left some impact on local communities as communities were trained on their rights. As Shahid explained,

*“Now during the Local Bodies election they demanded the politician to install tube wells for them if he seeks their vote. So now the people at least sit together and convey their needs and issues to the local bodies which never happened before”*

The management suggested that most foreign-funded projects were implemented in SEED's established centres. In 2014, the organisation ran British Council Active Citizen Programme workshops in all of its

centres. The workshops attracted a larger participant's base than expected and were declared successful by the donor. However, not all donor-funded programmes were carried out in the centres or in the surrounding areas. Some donors had clear areas and objectives defined which did not include SEED centres.

The management showed preference for project-based funding. They explained that bidding for project funding was less hassle as compared to fundraising. As Nadia said,

*"We don't go for fashion shows or fund raising musical events because look the peace and security situation, so the input is not matching the output, while we put in so much effort"*

SEED did not arrange events for fundraising. The management was comfortable raising funds from their contacts. The donations documents were available with the organisation's promotional material and financial statements. Anyone willing to make a donation could fill the documents/forms and send the cheque or make an online payment. However, there did not seem to be a regular fundraising effort on the organisation's part. The apparent reason was continuous flow of funds from the endowment. The management did appear keen to do fundraising but they were not actively pursuing it. As Ayaz explained,

*"I think we do need to do aggressive fundraising.....because only with the help of funds we can further improve our services. Like these days I am considering to make the Gynaecological services available at our health centres; I want proper ambulances and facilities over there. But for all of that more funds are required. Now I have been approaching embassies and the influential individuals and businessmen of that locality"*

Embassies and well-off individuals in the surrounding areas of centre were approached to fund the health programme. As Hafeez explained,

*“Yes they do donate. We recently had this event in Bannigala. There I had invited a Senator and now he has promised to contribute and donate us a laboratory in Bannigala so that we can carry out basic lab tests over there. Similarly Zaid Abbasi is an influential person; he donated Rs.25000 to SCDP Bannigala. Two important persons from Panniali also donated some amounts to SEED”*

The purpose of reaching out to well-off individuals in the communities was twofold. One, it helped the community get more involved with the project. Second, it was easy to raise funds from the people who could observe and experience the NGO’s work in their area. While it was easy to raise funds from the well-off individuals in the communities, it also presented a strong hurdle for the organisation. Most of the people in the community were deprived of the basic facilities, which meant that they could not make any financial contributions to SEED.

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### **5.2.3 INCOME GENERATION**

Apart from the main endowment fund, the centres had their own endowment fund too. The purpose of separate endowment fund was to help the centres keep track of the generated money and to put it back in the centre. Each centre generated its own income with the help of small fee charged on the healthcare (20PKR per person per visit = \$.20), and computer literacy programmes (500PKR per month = \$5.00). This money was put back in the centre to pay for utilities, HR, and maintenance. It was a small amount and hardly covered any expense of the centre. However the purpose of charging the money was not to generate income but to mobilise user interest.

The crafts centres were understood to be the income generation venture of the organisation. While it did not generate any income for SEED, it helped the beneficiaries become self-sustainable. The purpose of these craft centres was poverty alleviation through the teaching of skills. However the organisation was unable to provide help to sell the products that were made in these centres. SEED had a shop to sell

these products for the first seven years of its inception. The “shop for cause” was meant to generate income for the organisation as well as to help the beneficiaries in the craft centres earn from their skills. However, the shop was closed down as it started going into losses. Shahid explained the reason,

*“As you know city dynamics differ from that of a village in terms of trends and styles. So it didn’t match to that of the urban areas and it wasn’t successful. There was no demand for those products in the cities”*

The organisation wanted to revive the shop to generate the income once again, but the reduction in profits from endowment fund had led to put off their plans. The majority of funds in the endowment were invested in government securities. The Government of Pakistan, a few years ago, had announced reduced profits on all its securities. This turned out to be a knell of warning for organisations like SEED, which ran their day-to-day operations with the help of these profits. As Shahid explained,

*“Endowment fund is our only financial resource and now the interest on it has been halved; it was 30% previously and now it has been reduced to 15%. ..there are certain core programmes i.e. health, crafts and education that we never touch and we make sure that they run forever. But on the additional programmes we can compromise; we can run those programmes when funds are available otherwise we don’t”*

Despite the financial constraint caused by reduced profit, SEED did not want to focus on fundraising activities. The management explained that their BOG did not approve of such activities. The future plan of extension of activities in the centre did not include income generation. The focus was on poverty alleviation through teaching the beneficiaries needed skills. One of the future programmes included starting beautician courses at the centre so young girls could start their own small ventures at home.

#### 5.2.4 THE PERCEPTION ISSUES

Just like Umeed, FED and Subah, SEED also suffered from free service perception issues. The minimal fee on healthcare was added so people would take its services seriously. The perception of being an NGO was also seen as a clear issue at SEED as well. The employees understood that the word “NGO” carried a negative perception in some areas. The employees adopted their appearance and attitude according to the areas they were serving. As Hafeez explained,

*“as you can see I am sitting in the office but I am wearing this shalwar kameez (Pakistan’s national dress). Now when I had been visiting Pathargarh (one of the centres).. I personally come from a village so I understand their norms and their boundaries and limits. I have a better understanding of their culture. So when I meet those people and I talk to them in their way so they obviously develop more trust for me”*

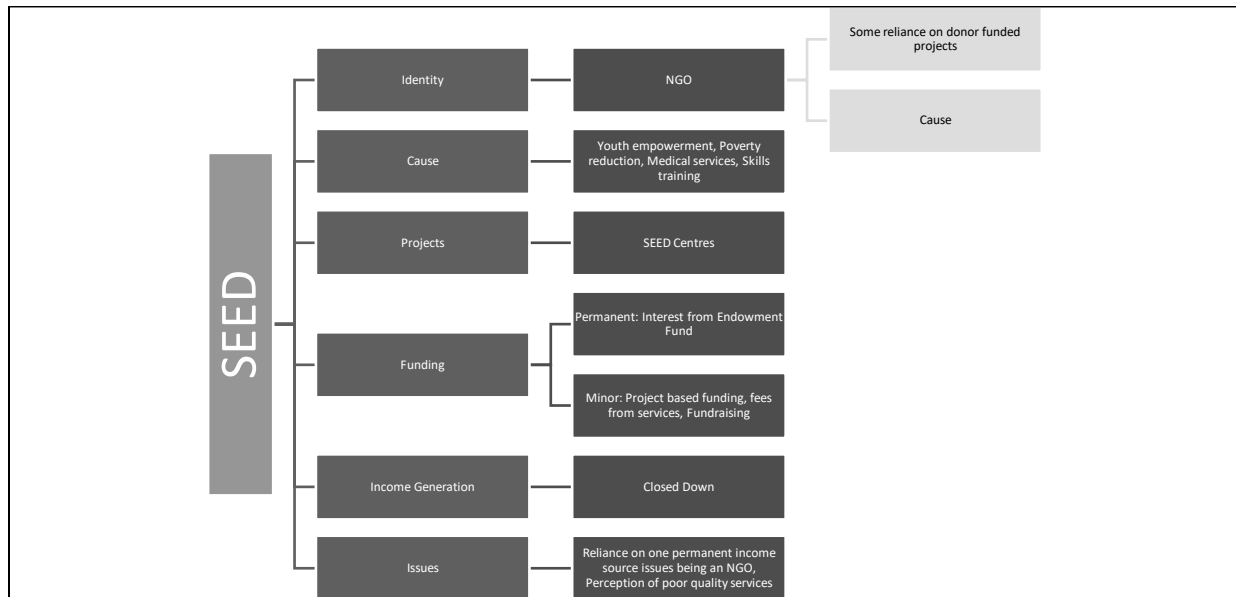
Like Subah, the problem was attributed to NGOs, which did short-term projects in these areas. Issues with how the projects were carried out and threats to local norms and culture were also pointed out as a problem. As Hafeez explained,

*“Yes there is a lot of negative perception prevalent in the backward areas. Actually I have seen that there are some NGOs and organisations that play role to bring about such perceptions in the minds of the people. You must have seen in today’s news about the Save the Children”*

An international NGO “Save the children” was involved in a controversy, which led to the capturing of Osama bin Ladin in one of Pakistan’s cities. The aftereffects of the incident caused the local people to mistrust the NGOs. The law enforcement agencies interrogated local people for a long time asking question about the working of the NGOS and if they had any relation with it. The interrogation affected the daily lives of locals who had nothing to do with the operation and the NGO.

The managing director of SEED also confirmed that work of the seasonal NGOs created negative perception for all NGOs.

Like Subah, the employees at SEED also felt that absence or inactivity of the founder would not lead to closure of any project or of the organisation. Following is the visual representation of SEED's analysis,



**Figure 11 Summary of SEED's Analysis**

### **5.3 ANALYSIS OF NGOS: SUBAH AND SEED**

The literature review identified the NGOs based on their donor based funding sources, advocacy causes, and paid workforce (Ghaus-Pasha and Iqbal, 2003, Bano, 2008b, Sattar, 2011). The research with two NGOs confirmed that NGOs are indeed identified with the donor based funding sources and advocacy causes. However the research also revealed that NGOs also had permanent sources of income. It was also interesting to see that the causes were not just limited to advocacy and the workforce also included volunteers. However, despite this, NGOs were clearer about their identity of being a donor funded non-profit. The NGOs central attribute was their permanent sources of income, while the enduring attribute was being a donor funded organisation which drove the decisions of funding and income generation as well.

#### **5.3.1 THE IDENTITY OF BEING AN NGO**

##### **5.3.1.1 CENTRAL ATTRIBUTE**

Just like TVOs, the NGOs founders felt strongly about a certain cause. Subah was started by a teenage school going girl who felt strongly about Child Sexual Abuse. SEED was started by a woman from a medical background who felt something needed to be done in the field of health. However unlike TVOs the leadership did not turn out to be the strongest or central attribute of the NGOs. The reason was the difference that existed between founders of NGOs and TVOs. NGOs founders (or CEOs) were paid and did not work voluntarily for the organisation. Consequently, the top management and employees were paid and given due benefits. Since most of the organisation was salary-driven, the volunteer base of the NGOs was small. The founders did not invite or inspired family or friends to join the organisation or made efforts to run the organisation through contact based funding. Therefore to run the organisation NGOs somewhat relied on donor funded projects. Researchers have suggested that NGOs mostly rely on



development aid or foreign-funded projects (Bano, 2008a, Bano, 2008b). While there is no denying that the donor-based projects provided the necessary lifeline to these organisations, they were not the central attribute of these organisations. Data from both organisations suggested that turning point in history of the organisations was the presence of permanent sources of income. It was apparent that without the permanent sources both NGOs might have closed down long time ago. Subha's reliance on a permanent donor in form of Norwegian Embassy and SEED's reliance on endowment fund assured that both organisations survived even in the times when they had no donor funded projects. These permanent sources helped the NGOs run their main programmes; however these programmes were limited in their outreach. To increase the outreach and improve them further, the NGOs were always looking for donor-funded projects.

The revelation of permanent source of income also helped clarifying a myth established in literature. It was suggested that that NGOs in Pakistan close down or disappear as soon as the funding runs out, leaving the impression of abuse of funds. It also played a significant role in creating negative perception of NGOs in Pakistan and also turned the term "NGO" into a dubious concept (Baitenmann, 1990, Owais et al., 2015, Corry, 2010). However this research showed a somewhat different picture. It became quite evident that the "disappearance" (closing down) of NGOs might be less to do with corruption and more to do with the non-availability of the donors. The donor-funded organisations do very well financially when the funding is available; however as the funding reaches its end, they start looking for new donors to continue working. If the NGO is not awarded new projects, it has no other way of survival and is eventually closed down. The reason for Subah's and SEED's survival for a number of years was due to permanent sources of income. If Subah did not have continuous support of Norwegian embassy and SEED did not have its endowment fund, both of these organisations would have closed down a while ago, or might have been on the verge of closing down. For all these reasons the presence of these sources is designated as the central attribute of organisational identity.

#### 5.3.1.2 ENDURING ATTRIBUTE

The enduring attribute of NGOs turned out to be '*being a donor funded NGO*'. The management in both organisations suggested that they were dominantly built and run through donor based projects. Although neither NGO in this study identified itself as an *NGO* on any written material including website, brochures, forms, and donation documents but this was mainly due to the prevailing negative perception in Pakistan about the term *NGO*. The identity of being a donor funded *NGO* drove other decisions of the organisation as well, including succession, funding, and income generation.

Unlike the TVOs, NGOs were not person-driven organisations. They were run on projects and a successful project completion added a "*batch*" to the organisation. This led to more funded projects from different donors. There is a possibility that in the starting years, these NGOs were person driven initiatives; however they had moved forward with their work and were able to build their reputation as an effective project-based *NGO*. As seen in the case of family non-profits (Umeed and FED) that death or inactivity of the founder affected the organisation to a great extent. However this did not seem to be the case with either Subah or SEED. While the organisations were run by their founders, the employees were not worried that the absence of the founders would stop the organisation from working. This can be linked to the fact that the founders of both NGOs held paid positions.

Being donor funded NGOs there was no apparent dissatisfaction with the paper work that the project funding required. The organisations seemed to have developed their expertise in paperwork, something that TVOs significantly lacked. The management and employees saw the acquisition of a project easier when compared to fundraising activities. Also Contrary to TVOs belief, that NGOs typically ran fundraising events, there was little or no focus on raising funds through events or contacts. One of the reasons seemed to be lack of human and financial resources. As Lindahl and Conley (2002) suggested fundraising events are more associated with hospitals and universities as compared to small non-profits. The reason is that these institutions have a large pool of human and financial resource, which they can

spare for fundraising activities. The NGOs also did not have dedicated volunteers who could manage such fundraising activities. Another apparent reason was the continuous flow of funds from either project-based funding or permanent sources.

Being donor funded, NGOs faced restrictions in spending the funds. There were mainly two types of donors that NGOs dealt with. The first type did not allow the project funds to be spent anywhere else. There were no administration or overhead costs that were allowed apart the ones required for the project implementation. It was not possible to contribute anything towards the endowment fund with these types of donors. However, NGOs tried to acquire assets or improve their infrastructure during the project. The second type of donor allowed a certain percentage (5-7%) for administrative and overhead expenses, and the amount was generally contributed to endowment. The difference in donors' approaches affected how the funding was spent by the NGOs. The approach towards implementation of project also varied from donor to donor. Some donors suggested a clear plan of action that included the specified area, funding, number of required employees, and time frame. The NGOs were merely required to implement the project. The other type of donor defined a funding budget and in some cases a geographical region. The NGOs were required to come up with a plan, which showed a step-by-step procedure to implement the project. Depending on the type of project and donors, the NGOs implemented the projects as part of their main activities or outside it. For instance Subah implemented an EU project to expand the outreach of Norwegian Embassy project, while staying within the boundary of Child Protection. SEED implemented a British Council project in one of its centres but also implemented many projects that were not related to its main cause or in its centres. Kelly and Lewis (2010) and Boris (1998) have confirmed that large donors often dictate their terms when donating a large amount. These terms may include steering a programme or hiring of specific people. These donors sometimes exert an unhealthy influence on the organisation's mission and programmes. The NGOs, in this research, also showed dissatisfaction with donors' demands and lack of autonomy given to NGOs.

Due to similar reason, TVOs stopped opting for donor funded projects. Since NGOs suffered from lack of other sources, it left them with little room to negotiate with donors. The lack of autonomy in spending funds forced NGOs to take projects in unrelated areas. Subah implemented part of an EU project in completely new areas wherein they had never operated before. SEED implemented several projects outside its centres. There was little autonomy available to NGOs in the implementation and design of these projects.

In conclusion the enduring attribute, being a donor funded non-profit, affected NGOs at multiple levels. While they did better than TVOs in succession the heavy reliance on donors assured that they suffered from lack of autonomy in spending funds. This consequently led NGOs to acquire short term and at times unrelated projects.

#### 5.3.1.3 DISTINCTIVE ATTRIBUTE

Both NGOs had different reasons to call themselves distinctive from other organisations. Subah's management suggested that they were serving a sensitive cause which was still considered a taboo topic in Pakistan and they were the only credible organisation working in this area. SEED's management on the other hand differentiated their organisation on the presence of its centres in the underdeveloped areas around Islamabad. The management suggested multiple times that there are few NGOs which try to build a whole community with a physical presence there. It was apparent that both NGOs distinctive attribute was their causes. Although it was suggested in literature that highlighted that foreign-funded NGOs mainly serve the causes of advocacy (Owais et al., 2015, Jafar, 2011a, Bano, 2008b, Iqbal, 2006), the research with Subah and SEED showed a mix result. Subah was specifically focused on child protection which comes under advocacy. The organisation only applied for donor-funded projects related to child protection. SEED, on the other hand, had a mix of advocacy and other activities. Initially the organisation focused on gender watch programme, which fell under advocacy, but it expanded in

number of areas with time. Their centre included a free medical unit and also delivered skill training to the youth. They also delivered lectures and guided youth on adolescent issues, which come under advocacy. The founder of SEED showed a clear dislike for the advocacy projects but carried them out nonetheless. Therefore, it is difficult to emphatically suggest that donor-funded organisations focus only on advocacy based issues. It is also hard to suggest one clear distinctive attribute for both NGOs as they both suggested different reasons for being distinctive.

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### **5.3.2 INCOME GENERATION: WHY NGOS STRUGGLE**

The identity of being a donor funded NGO influenced the organisation's ability to run (or not run) income generation ventures. As TVOs, NGOs also charged the minimal possible fee for their programmes. There was no on-going income generation venture at either NGO. While they made some effort towards establishing income generation ventures at some point in time; it was met with failure. One reason for failure was that management was not willing to hire business specialist who could run the business successfully. The same was the case for TVOs but due to dedicated team of volunteers they were able to pull off successful income generation ventures. SEED had closed down its "shop for cause" that was helping the beneficiaries sell their products. Subah had closed down its paper factory as it was not breaking even. Both organisations suggested that they did not have budgets to spare the salary costs. Since the NGOs were largely dependent on project-based funding they could not spare money from the projects to go towards income generation ventures. The only way Subah and SEED could invest in the venture was to take money from their endowment fund, which they both refused to do.

It seemed that the biggest reason for the unsuccessful income generation ventures was the lack of support from the donors. While the donors did not require the organisations to close these down, they never openly supported them either. Instead, NGOs were encouraged to seek out more donors. The members of both organisations suggested that donors wanted to give projects that made a sustainable

impact on people's lives, but they were not willing to invest in NGOs self-sustainability. The Norwegian embassy had been working with Subah for a number of years and was the permanent source of income for the organisation. The embassy encouraged Subah to get more donors to have a better outreach, but no appreciation or support was offered to become self-sustainable. The identity of being a donor funded NGO played a significant role in the donors' approach. Some of the employees suggested that donors might be hesitant to give projects to an NGO, which was also making efforts to be self-sustainable.

A survey by Kingma (1995) suggested that income generation ventures made a significant impact on other sources of revenues. Findings from the research revealed that one additional dollar of profit from these ventures decreased the donations by \$3.95. Other researchers have also confirmed a negative relation between commercial income and donated income (Segal and Weisbrod, 1997, Gras and Mendoza-Abarca, 2014). Both NGOs felt that their current and future donors would be hesitant to give them projects if they saw that they were already making money from the income generation ventures. The fear of crowding out seemed to be the case with both NGOs.

Interestingly, most members of the NGOs saw income-generation as an absurd idea for NGOs. They suggested that NGOs were built by donor-funded projects and would always be driven this way. The foreign donors were looking to give projects to developing countries, but due to mistrust and mismanagement issues with the government, they looked for third parties to distribute these funds. These funds translated into projects which were implemented by the NGOs. For this reason alone, the NGOs were always meant to remain dependant on donor-funded projects. It was established in the literature that that the Afghan war triggered flow of 3.5 million afghan refugees in Pakistan, that's when the NGOs mushroomed to help the government and UN handle the refugees (Saqib et al., 2017, Baitenmann, 1990, Jafar, 2011a, Kim and Nunnenkamp, 2015). These NGOs were never meant to raise funds themselves or invest in income-generation ventures to become self-sustainable.

It was apparent that, unlike TVOs, NGOs were not operating as social enterprise. While they worked with government on few projects and had made some efforts at income generation front, principally they focused on being a non-profit organisation serving a social cause. It is not to suggest that NGOs can be categorized into the pure ideal type non-profit organisation rather they can be categorized under hybrid non-profits. Hybrid non-profit take the intermediate point on the continuum of non-profit and for-profit organisations (Haigh et al., 2015, Billis, 2010b). If they have to be placed on that continuum it is evident that NGOs may as well be tilted towards the non-profit side.

Billis (2010b) suggested that non-profits hybrids can be either organic which have moved steadily from non-profit to hybrid form, or, enacted which are hybrid from day one. They can be further divided into shallow hybrids, move to hybrid form in gentle manner with smallest changes, and, entrenched hybrid, move from a pure non-profit to a hybrid form at governance and operational level. NGOs can be categorized as organic hybrids as they were not a hybrid from day one rather they started with a cause and a small donation based. They can be further categorized into organic entrenched due to steady growth through infusion of resources from other source. The NGOs grew, with passage of time, into more professional organisations with paid staff and high dependence on donor based projects. They also had other sources such as donative and rental income, government projects, and endowment fund along with efforts in income generation ventures. Although NGOs did exhibit hybrid non-profit form and in some cases also had mission drift issues, they were quite clear about their identity of being a donor funded organisations. In this particular case the hybridity did not lead towards issues of organisational identity for NGOs.

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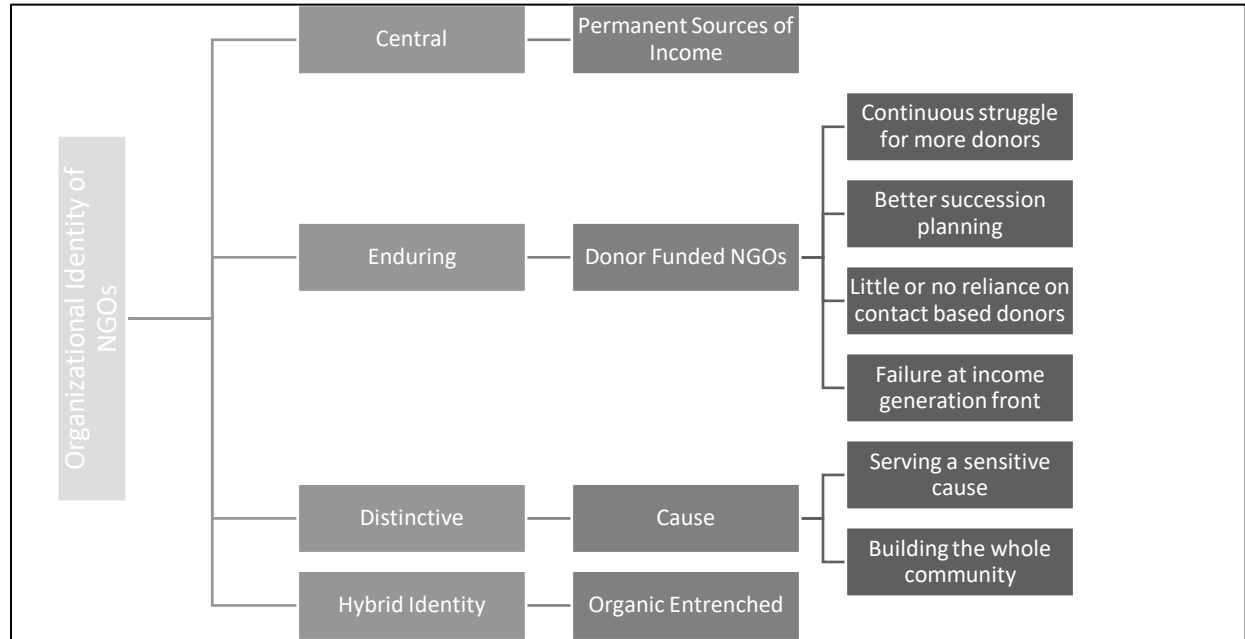
### **5.3.3 PERCEPTION ISSUES**

NGOs also confirmed suffering from perception issues related to delivery of free services. However the bigger perception issue was associated with NGOs working in vulnerable areas. The employees and

management at both NGOs confirmed that they had to be very careful when operating in vulnerable areas. They blamed the seasonal NGOs, which worked on projects for the sake of making money and did not care for the cultural issues in these areas. The people of these areas felt threatened that NGOs were hurting their norms and way of living. The issues created by such NGOs created problems for organisations like SEED and Subah as well. It took time for them to build reputation with people. Attention was paid to how they dressed, whom they approached and the topics to discuss in these specific areas.

A problem of perception also arises from the causes that NGOs choose to serve. In vulnerable areas, there was strong reaction against all NGOs who were working on advocacy. The advocacy of women's and children's rights was viewed with deep suspicion by the community. The male-dominated society and strong culture did not appreciate the outsiders teaching the women basic rights. Their beliefs drove this system and this drove the dislike of advocacy-based NGOs in turn. Researchers have confirmed that NGOs employees work under extreme situations in these areas facing threats of safety. There have been number of reported cases of kidnapping and target killing of the NGO workers. These incidents were dominantly related to the sensitive causes that NGOs were trying to serve (Jamal and Baldwin, 2017, Omidian and Panter-Brick, 2015). Following is the visual representation of organisational identity of NGOs.





**Figure 12: Organisational identity of NGOs**

## **6 CHAPTER 6: DISCUSSION: COMPARATIVE ANALYSIS OF TVOS AND NGOS**

The review of the literature presented in chapter II led to the identification of research questions on Pakistan's non-profit sector. The previous two chapters presented in-depth case study analysis on how TVOs and NGOs constructed their identity as non-profits and how this identity informed the decisions of funding and income generation (and vice versa). This chapter presents a comparative analysis of TVOs and NGOs. As per the case study strategy cross case synthesis is developed by comparing case studies of TVOs and NGOs. The chapter will first answer the research questions of this study and then present a model of organisational identity developed from the findings of the research.

The research revealed that the organisational identity of TVOs and NGOs was established based on their funding choices in the initial years. The role of leaders also turned out to be an influential factor in shaping the identity of the TVOs. It was also revealed that TVOs had multiple and at time conflicting identities due to their heavy reliance on income generation ventures. NGOs exhibited elements of hybridity but had a clearer sense of identity due to lack of funding sources and absence of income generation ventures.

It was interesting to see that both TVOs and NGOs professed a somewhat different identity than the one projected to stakeholders. Based on these findings it was deduced that both TVOs and NGOs carried multiple identities. In the model presented at the end of this chapter, these multiple identities are divided into professed identity, intended image, and constructed image. The model also discusses how these identities emerge and why they can be in conflict with each other. But before outlining this model of organisational identity, the first three sections of this chapter will discuss the findings presented in the last two chapters in relation to the research questions.

Before discussing the findings in detail, it is worth summarising the differences between NGOs and TVOs; these are shown in the table below.

	<b>Family Non-profits: Traditional Voluntary Organisations</b>	<b>Nongovernmental Organisational (NGOs)</b>
<b>Organisational Identity</b>		
Central	Founders	Permanent Sources of Income
Enduring	Family Non-profits leading to Trust, Humble Outlook	Donor Funded NGO leading to continuous struggle for donors, better succession planning, and little or no reliance on contact based funding
Distinctive	Do not work on short term projects Do not rely on donor based projects	Causes
Multiple/Conflicting identities	Yes Hybrid, Social Enterprise, Non-profit	Exhibit some form of hybridity but a clear sense of identity of being a donor based non-profit
Inception of Identity	Due to establishment with the help of local donors and donations	Due to establishment with the help of foreign donors and projects
<b>Causes</b>		
Major	Service Delivery: Women Empowerment, Health, and Education	Advocacy: Human rights, Child Abuse, Child Labour, Gender watch etc.
Minor	Advocacy	Service Delivery
<b>Funding</b>		
Major Funding Sources	Influenced by the identity (central attribute) - Contact based funding	Influenced by the identity (Enduring attribute) – Foreign Funded / Donor Based Projects
Minor Funding Sources	Donor based/foreign funding projects Fundraising activities	Locally raised donations Fundraising activities
<b>Income Generation</b>		
Income Generation	Influenced by organisational identity (Enduring Attributes) Successful – generating good revenues	Influenced by organisational identity: (Enduring Attributes) Unsuccessful – closed down
Income Generation from Own Services	No	No
<b>Autonomy</b>	Person driven	Organisational Driven
<b>Perception Issues</b>	Related to low quality service delivery	Related to low quality service delivery Negative image associate for being an NGO

Table 11 Difference between NGOs and TVOs found through this research

## **6.1 CONSTRUCTION OF IDENTITY**

The first line of inquiry for this research was how do TVOs and NGOs construct their identity as non-profits. However before addressing this question, it is worth remembering that, as established in chapter 2, it is difficult to come to a clear definition of the non-profit sector, this for at least two reasons. Firstly, different actors see the sector in different light. For instance the donor agencies see NGOs in developing countries as distributors of funds and implementers of projects, but the association with donor agencies lead public to see NGOs as non-profits carrying a harmful agenda (Prakash and Gugerty, 2010, Butler and Wilson, 2015, Worth, 2014, Hopkins, 2017, Jamal and Baldwin, 2017). Secondly, there is also confusion as to the basis on which the sector should be defined: through its legal status (James and Rose-Ackerman, 2013), its workforce (Mook et al., 2014, Worth, 2014), funding (Salamon and Anheier, 1997), or the causes served (Brandsen et al., 2005). These various factors mean that most non-profit organisations are likely to operate in hybridity with issues of organisational identity (Billis, 2010b, Young, 2001b). The same was observed for Pakistan's non-profit sector with TVOs and NGOs exhibiting elements of hybridity which made it quite hard to differentiate between their identities. The prevailing confusion in defining the non-profit organisations legally in Pakistan, including the absence of social enterprise as a legal entity, added to the confusion. The next section will discuss all these elements in detail.

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### **6.1.1 ESTABLISHMENT OF IDENTITY: EARLY YEARS**

Billis (2010b) suggested that an ideal type non-profit would be committed to a cause and will try to achieve it with volunteers and donations. Interestingly all organisations in this study started in this way. They all started committed to a cause with volunteers and a small donation base; however to grow and survive these non-profit then choose a funding source which played a significant role in their identity. In the case of TVOs the strong and influential personality of the founder, coupled with their strong

financial background, attracted contact based donations. The leaders of the TVOs made decisions about the choice of funding sources which helped the TVOs increase outreach of their causes and grow with time. These decisions also played a significant role in the future identity of the organisations. The identity was established due to major reliance on one particular source of funding. Since NGOs could not attract contact based donations; hence looked at donors based projects to continue. Over time the preference of a particular funding source shaped the identity for these organisations. Reliance on local donations and donors led organisations to identify as TVOs, whilst reliance on donor based projects was associated with NGO identity. The literature also confirms that the non-profits in Pakistan are recognized based on their funding preference (Bano, 2008a, Bano, 2008b, Shah, 2014, Iqbal, 2006). This leads us to raise queries about the reasons for such preferences.

One of the reasons TVOs were able to attract contact based donations was the financial background of their founders. Both NGOs, on the other hand, were run by founders who suggested they belonged to middle class families; consequently they were unable to attract contact based donations to the organisation. TVOs management worked voluntarily for the non-profits while the NGOs management drew salaries. Following is the visual representation of the process

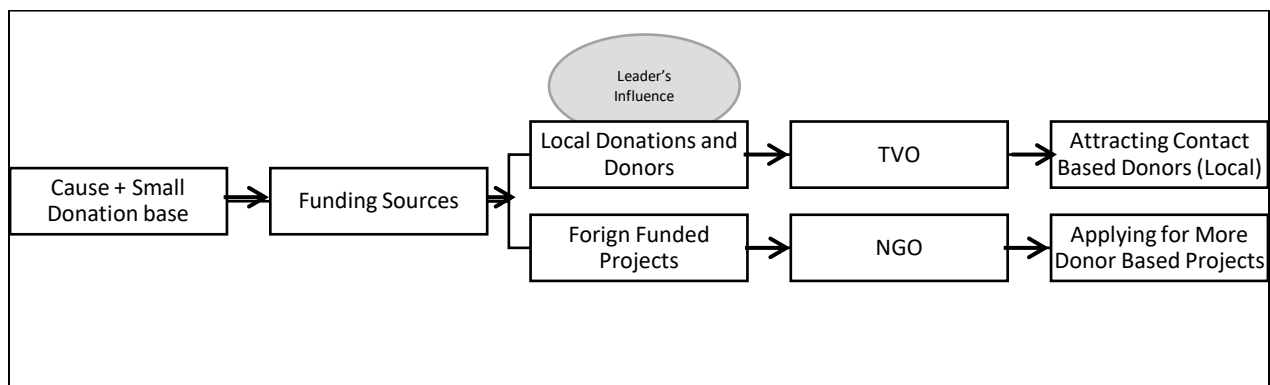


Figure 13 Back and forth relation of funding and organisational identity

It is also interesting to draw some comparison with Bano (2008b) paper in which she summarized the difference between NGOs and TVOs as follows:

Table 4. <i>Measuring motivation</i>		
Motivation	NGOs	VOs
Leader's salary	100% Drew salary and for 95% it was more than the government scale	100% Worked voluntarily; further, they also invested their own resources in the organization
Organization's origin	6 were continuation of donor projects 2 were continuation of donor consultancies 6, including 2 largest women rights NGOs, resulted from exposure to western education 5 Response to local need	3 Initiated as a response to a particular incident 17 Initiated as a moral compulsion to address a public problem
Beneficiary population	Project was designed first, beneficiary population chosen later	Existence of a beneficiary population led to the birth of the organization
Material comfort	100% Located in posh areas 100% had modern buildings 100% Located away from the project site Majority had four-wheel drives	None located in posh area 25% had no office building 65% had offices located at project site None maintained four-wheel drives

**Table 12 Measuring Motivation (Bano 2008b, pg 2304)**

My research gives answers to some of the question that Bano (2008b) raised and contradicts some of her findings. Bano (2008b) also confirmed that NGOs leaders were not only paid but also drew higher salaries than government scales. TVOs leaders on the other hand did not take any salary, and also spent their own resources in the organisation. However Bano (2008b) does not discuss the reasons for such difference. My research with TVOs exhibited that one of the apparent reasons is the well-off financial background of TVOs founders. They did not take a salary because they could afford so. NGOs on the hand were run by people who did not have strong parent organisations (Alike FED) or a financial background (Alike Umeed). Interestingly, TVOs pointed to NGOs for maintaining a fancy lifestyle, but TVOs themselves were run by well off individuals. These well off individuals have been referred as “*Baigmaat*” (Rich men’s wives) (Mumtaz and Shaheed, 1987). The phenomena of rich people running charities has been referred as “*Elitism*” in the literature (Jafar, 2011a). There is a high possibility that to

avoid getting these labels, TVOs maintained a humble outlook. Also, contrary to the commonly held belief in TVOs, NGOs were not run by *Baigmaat* or suffered from *Elitisim*.

Bano (2008b) also drew comparison between the “*material comfort*” of NGOs and TVOs. It was suggested that NGOs were located in posh areas with modern buildings and away from project site. TVOs on the other hand were located in humble areas with humble buildings at project site. Although my research with TVOs and NGOs confirmed this, we need to go beyond the surface. NGOs were located in posh areas but they worked in donated offices. TVOs offices were located in humble areas but they were either on lease from government or operating on the premises of a strong parent organisation. This was a luxury that NGOs did not have and hence they were left with little choice but to operate in city centres. The reason NGOs offices were better maintained was due to the donors’ requirements. Since they were a donor funded organisation, they had little say in the matter. TVOs on the other hand maintained a humble outlook for their contact based donors, this also served to tone down the well-off background of the management volunteers. It seemed that to address public concerns over the lavish lifestyle of non-profits in Pakistan, TVOs maintained a humble outlook. TVOs suggested that NGOs had a fancy lifestyle but interestingly NGOs were well aware of public perception too and did not maintain fancy offices or cars. It was established in the literature that non-profit sector is different due to the issues of ownership in which the power can be distributed between volunteers, donors and other stakeholders who may not be attached with the organisation but hold attachment with the organisation’s cause (Lee and Bourne, 2017, Young, 2001a). In the case of Pakistan, the other stakeholder, public’s perception, played an integral role in TVOs and NGOs decision to maintain a certain outlook.

Bano (2008b) also suggested that NGOs offices were located away from project sites. This is again partially true. It is hard to define a project site when the organisation is working on advocacy projects.

Subah, for instance, maintained office in Islamabad while delivering the projects in surrounding areas. Since the projects were focused on delivering training and creating awareness, it was not possible to have a physical presence every time a project was delivered to a new audience. SEED, on the other hand, maintained its physical presence in the centres (project site). The situation also varied in the case of TVOs, Umeed maintained its office at the industrial home while FED's office was in Islamabad with project sites all over the country. It is likely that Bano (2008b) research was with NGOs which did not have permanent sources of income. Such NGOs usually work on short term projects and close down as soon as the funding runs out. These types of NGOs were shunned by both SEED and Subah. Jamal and Baldwin (2017) research with NGOs workers and management confirmed these perceptions. It was suggested by the workers that there are solid reasons and proof of misuse of funds and accountability. Such NGOs were called the reason for overall negative perception that prevailed in the public about the term 'NGO'. Brandsen et al. (2005) confirmed that it is becoming increasingly hard to define the non-profit sector due to presence of heterogeneous organisations within the sector. It seems the within the NGO sector, there are different identities that prevail in Pakistan as well.

It can be inferred from the above that the choice of funding in the early years led to specific identities for both types of organisations. With the passage of time the identity, in turn, started playing a significant role in choice of funding. Both organisations developed their expertise in their respective ecologies and became comfortable in obtaining one type of funding over another, which will be discussed in detail in later part of the chapter.

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#### **6.1.2 DO TVOS AND NGOS HAVE DISTINCTIVE IDENTITIES?**

Oliver et al. (2010) suggested that members of the organisations are often involved in making distinction between their own and other organisations . These distinctions are made frequently enough to lead to the emergence of an organisation identity which guide the future decisions and direction of the



organisation. It seems that essentially it is quite hard to differentiate between both TVOs and NGOs. TVOs believed that they were a non-profit empowering communities (in health and education) and beneficiaries through local donations. NGOs, on the other hand, believed that they were a non-profit serving deprived communities (Building up communities and Advocacy) with the help of donor based projects. However these identities only presented tip of the iceberg.

TVOs believed that they were distinctive from NGOs because they never left their beneficiaries stranded. But NGOs wanted to work in the similar fashion. They wanted to work on long term projects and build communities. SEED was able to do this to some extent thanks to its endowment fund and its centres. Subah on the other hand could not do this due to heavy reliance on donor based projects. Yet Subah also tried to build up communities through a network of volunteers, however struggled due to lack of funding. TVOs did get involved in some short term and foreign funding projects. Thus it is not fair to suggest that they never ventured into the projects which eventually had to be closed down as the funding ran out. TVOs showed a dislike for advocacy projects but got involved in them for one reason or another. The continuous flow of funding from contact based donors assured that TVOs could keep up the commitment to their beneficiaries; however significant reliance on one type of funding meant that TVOs might not be able to do this in long term. One TVO suffered significantly in absence of their central attribute, leader, and ended up with fewer donations. So while TVOs are currently suggesting that their identity is of a non-profit which builds up communities it is interesting to ask if they will be able to keep up with it.

One of the interesting aspects highlighted in literature and also uncovered during this research was the negative perception associated with the term NGO (Bano, 2008a, Iqbal, 2006, Jamal and Baldwin, 2017). TVOs did not want to be identified as an NGO due to perception issues. Interestingly, even NGOs did not want to be identified as NGOs and avoided using the term in written communication. It was apparent

that both TVOs and NGOs were well aware of public perception and avoid projecting an image which would classify them as an NGO with lavish lifestyle.

NGOs differentiated from TVOs suggesting they did not have a strong asset base; however both NGOs enjoyed permanent sources of income one way or the other. These permanent sources of income placed them in the enacted entrenched form of hybrid non-profits as identified by Billis (2010). These sources also helped them retain employees, work towards building communities, and have a long term vision. In the absence of these sources NGOs would only be working on short term projects and moving out of an area as soon as the funding ran out.

Apart from contact based funding it seemed that self-sustainability ventures were the distinctive factor in the identity of TVOs, but TVOs did not feel the same way. TVOs had a sense of superiority where they wanted to be distinctive from NGOs at every cost. This included them openly suggesting that they were not an NGO because they did not rely on foreign funding projects and did not do short term projects. NGOs on the other hand differentiated themselves on their causes. NGOs did not show negative sentiments against TVOs or tried to suggest they were superior in some way.

There were also issues of multiple, and at times conflicting, identities at TVOs. It was established in the literature that non-profits can have multiple identities, often in conflict with each other (Albert and Whetten, 1985, Golden-Biddle and Rao, 1997). TVOs were operating as a social enterprise but were not willing to admit it. This led to multiple issues in the organisation including lack of business approach and how these ventures were run. NGOs, on the other hand realized clearly that they were not meant to operate a business. They openly admitted to being a donor based organisation and aimed to continue being one.

The literature suggested that TVOs and NGOs are distinctive based on their causes. It was suggested that local-funded organisations are involved in welfare and service delivery while foreign-funded NGOs are

focused on advocacy, women and basic human rights (Jafar, 2011a, Bano, 2008b). This perception can only be considered partially true. Though the TVOs showed a dislike of advocacy projects, they worked on such short-term projects occasionally. Umeed was working on an advocacy project with the German donor. Similarly the NGOs were involved in service delivery as well. SEED was involved in medical welfare, although it can be categorised as foreign-funded NGO. Subah was the only organisation amongst the four, which could purely be categorised as a foreign-funded NGO working on advocacy. The other three had mixed funding sources and mixed causes. Thus, again, it was very difficult to draw distinctions and suggest that certain types of non-profits serve only certain causes.

It can be concluded that there are quite a few similarities between TVOs and NGOs however both types were reluctant to admit it. They, both, exhibit confusions in organisational identity along with projecting a somewhat different identity to stakeholders one way or the other. However they were also keen to be different from each other based on their funding sources, which also drove their identities of being donor funded NGOs and a family TVOs. The next section will look at the relationships between organisational identity and funding.

## **6.2 ORGANISATIONAL IDENTITY AND FUNDING**

The second line of inquiry for this research concerned the relationships between organisational identity and funding. TVOs decision to depend on contact based donations in the earlier years resulted in their identity of being a non-profit which relies on local donations and donors. NGOs decision to rely on donor based project in the initial years assured that they would be recognized as a donor based non-profit. These identities, once established, then affected the future decisions regarding funding, as discussed in the following section.

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### **6.2.1 PROJECT BASED AND CONTACT-BASED FUNDING**

One of the striking differences between the TVOs and NGOs was their approach towards funding. TVOs were comfortable raising funds through their large contact-based network. NGOs on the other hand did not have a substantial network of local donors, and they were quite comfortable taking funding from the international donors. However the lack of other sources of funding made the NGOs largely dependent on projects, which were time and resource bound. The management of both NGOs was clearly aware that in the absence of projects, they could barely maintain their status quo beyond 6 months to a year. The absence of projects would mean they would have to reduce their operations and manage running their permanent programmes from income of the endowment fund. However the acceptance of identity, of being a donor funded NGO, across the board assured that NGOs made fewer efforts for other sources.

TVOs, on the other hand, were comfortable with their identity of being a family non-profit which relied on local donors, donations, and volunteers. The major issue with contact-based fundraising was that it was person driven. It was evidently seen in the case of Family non-profits that their funds suffered in the absence of the founder. However despite this there were fewer efforts to apply for donor based projects or create other sources of funding.

However, this is not to suggest that these organisations never forayed into accessing other types of funding. The literature suggested that TVOs survive on funding and donations from local private sources while NGOs were foreign-funded (Bano, 2008a, Ghaus-Pasha and Iqbal, 2003, Kim and Nunnenkamp, 2015). However, both TVOs had worked with foreign donors at some point in time. They were not dependent on the foreign funding for their survival and did not want to be identified as a donor based non-profits, but they accepted that the projects from such donors helped them increase their outreach. Both NGOs, also had their own sources of funds, which included rental income, interest from endowment funds, and some locally raised donations. It is very hard to draw a line and suggest that one

hundred percent of the TVOs are funded by local donors and all of the NGOs are foreign-funded. There is no denying that NGOs and TVOs preferred a certain type of funding and their identity was created based on it, but both also used other sources of funding and made some efforts towards securing it. It also suggests that, despite commonly held beliefs, it may be very difficult to categorise a non-profit in Pakistan as an NGO or a TVO. It seemed that both TVOs and NGOs wanted to maintain their particular identities for their stakeholders. They did not want to be associated with a different identity due to the power that stakeholders, public perception and donors, had over them.

There was also a debate in the literature about funding sources and causes non-profits choose to serve. Bano (2008a) and Kim and Nunnenkamp (2015) suggested that in some cases funding drove the cause these non-profits choose to serve. The reason might be heavy reliance on one particular source of funding (donor). Parks (2008) similarly confirmed that NGOs in Asian countries often have to mould their cause and interest as per donor interest and priorities. This moulding may be small in some cases such as spending more or less funds on a specific cause. The absence of autonomy in spending funds, choosing area of operation, and creating a long-term impact are some of the huge challenges that an NGO may have to face to adjust to donor requirements. This created a perception that the funding from the donor often ends up driving the non-profit's main cause or mission. This perception is not entirely true for either NGOs or TVOs. In the case of TVOs the contact-based donors approached and stayed with the organisation due to the cause that the TVO was serving. The founder of TVOs looked for likeminded donors who could also associate with the organisation's cause emotionally. It was very clear that TVOs were not driven to serve a cause because of a specific funding. Interestingly, the NGOs, which were mainly run through project based funding, were also not run like this. The NGOs choose their cause first and then looked for donors who were interested in funding their main cause. They did not leave their main cause because funding for a different cause was available. In most cases, the NGOs also remained committed to their main cause and tried to look for funding in the same areas. However, due to the lack

of contact-based donations, they occasionally had to implement projects that were not directly related to their main cause. TVOs had a strict stance as compared to that of NGOs, and they frequently refused to implement projects that were not related to their main cause. In case of NGOs, the decision to serve outside the main cause was based purely on lack of resources. It can be said that in some cases, the funding did drive them away from their main cause, but they did not abandon their main cause, rather, the funding was taken to eventually help them move towards fulfilling it. Subah refused to apply for funding that was not related to child protection. However this was due to the fact that they had a permanent source of income from the Norwegian Embassy. Had this not been the case, they might have also taken funding outside their main cause. In all of the cases discussed, the perception that “funding drives the non-profits’ cause” is not entirely true.

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#### **6.2.2 AUTONOMY IN SPENDING FUNDS**

It is evident from the previous discussion that the funding established the identity of the non-profits and then the identity drove the funding decisions. The back and forth relationship also drove the other decisions in the non-profits including the autonomy in spending the funding. TVOs had more autonomy when it came to making decisions about spending funds; however the autonomy was person-driven and limited in its own way. The management was not willing to spend anything, other than absolute necessary, on their income generation ventures. The reason for this was the fear that their contact-based donors would see it as a waste of money. As McGee and Donoghue (2009) confirmed, donors are attracted to non-profit organisations’ trustworthiness, which suggested that the organisation are not business like and money-oriented and would not distribute the donations as profits to its shareholder. This also explains why TVOs maintained a humble outlook as compared to NGOs. The NGOs, on the other hand, had little autonomy in how the funds were spent. Yet it is important to note that the little autonomy was organisation-driven and not person-driven. The decisions to spend

funds on a particular project or in a particular manner were taken at the organisational level. This is where NGOs were different from TVOs as their funding was driven on the basis of their reputation as an organisation rather than on the reputation of the founder. That is why the employees at both NGOs suggested that they did not fear the organisation would close down or suffer much if the founder were no longer associated with it. Since the position of the founder/CEO was compensation-based, it was considered replaceable. NGOs enjoyed better autonomy in spending their own funds, which come from permanent sources of income such as endowment or rental income. However, the contribution of such sources to the organisational overall revenues was very small. For the project-based funds, the donors had clear goals and plans spelled out while awarding the projects. NGOs were considered an implementation party in the proceedings. Lewis and Wallace (2000) also confirmed that NGOs were considered the answer to the social problems of the society and also a counterweight to state power, hence donors choose them to implement the projects over governments. The TVOs also had little or no autonomy for the project-based funds but since they had few projects and were not dependent on them, their limited autonomy did not reflect in major organisational decisions.

### **6.3 ORGANISATIONAL IDENTITY AND INCOME GENERATION**

The 3<sup>rd</sup> line of inquiry was related to income generation ventures. The research inquired how TVOs and NGOs use (or not) income generation ventures to construct their identity as non-profits, or reciprocally, how their identity informs the use of income generation ventures. It seemed that identity played an important role in the decisions to run or not run income generation ventures, and in their management. The following sub-sections will explore these findings through a comparative lens.

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### 6.3.1 THE MYTH ABOUT FEES

The literature suggested that fees contributed 47% revenues to non-profit sector globally and 51% to Pakistan's non-profit sector. The fees were defined as payment charged by non-profits for their services such as medical help, education, or advocacy (Salamon and Ancheier, 1996, Salamon and Sokolowski, 2004, Skelly and Steuerle, 1992, McKeever and Pettijohn, 2014). These figures are not reflected in the case of the non-profit organisations researched for this study. It was evident that TVOs and NGOs strictly maintained their non-profit identity by charging little or no money for their services to beneficiaries. The reason for charging a small fee was to make the beneficiaries take the services seriously. The target audience of such services comprised poor people who were deprived of basic facilities, and it was simply not possible to make money from them. TVOs and NGOs also agreed that they suffered from perception issues when it came to service delivery. Since the services were given to the poor and needy, they were perceived as being of poor quality as well.

Interestingly many non-profits in developed countries are making money from their services by serving different classes of people. As Tuckman and Chang (2006) noted, non-profits can make money by selling their products and services in accordance with the income level of the potential consumers. The eventual purpose of selling to better income groups is to raise funds for the non-profit's real target audience. However the researchers also admitted that *"commercial sale of services to feed children in Africa"* is difficult. Casey (2016) suggested that there is great variation in the size of the non-profit sectors. Netherland, Ireland, and Belgium were respectively at first, second and third place amongst 22 countries. Interestingly the sector was larger in developed countries as compared to those, which existed in developing countries (Salamon and Anheier, 1999). These examples suggest that finding different income groups to serve may be relatively easy in developed countries as compared to the developing countries, since the non-profits are not always serving the poor and needy. In some cases



the non-profits have been established to serve a religious cause regardless of income status. In other cases the welfare countries' non-profits were not serving the basic needs since these were already served by the state. Drucker (1989) cited examples of Churches and Hospitals in USA, which were able to generate considerable revenues by providing superior services to different income groups. The example of the hospital highlights how the focus of CEO on providing superior healthcare and not running the hospital for profit ensured that the hospital earned good revenues. The availability of good healthcare helped the hospital attract people from different income groups. While this example can be considered a benchmark for non-profits in Pakistan, it may not take into account several factors. Non-profit growth in USA is heavily fuelled by government support. On the other hand in Pakistan, if a non-profit wants to grow it has to raise funds on its own (in case of family non-profit) or apply for foreign funding (in case of an NGO). With both types of funding attended by their own limitations, it is not easy to expand the non-profit to a level where it is able to serve different income groups.

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### **6.3.2 TVOS SUCCESS IN INCOME GENERATION**

Foster and Bradach (2005) confirmed that contracting sources of funding have compelled non-profits to think outside the box and consider income generation as a way of survival. There are multiple reasons as to why TVOs managed to do better on the self-sustainability front as compared to NGOs. The reliance on contact based donors along with a dedicated team of volunteers, TVOs managed to do better in income generation as compared to NGOs. However the organisational identity played a considerable role in holding them back from developing these ventures.

It was quite evident that TVOs income generation ventures made them a social enterprise. As discussed earlier TVOs were *“social enterprise after conception”* however the TVOs management did not believe they had a social enterprise identity. One of the reasons for this denial was that TVOs wanted to maintain identity of a non-profit which was working hard to serve their beneficiaries. Another reason

was the trust that TVOs wanted to maintain with their contact based donors. They did not want to show that they were spending more efforts and money on a business rather than on beneficiaries. There was strong “contentment” with how the ventures were running. The management was not willing to spend anything extra on the ventures despite understanding how it would bring them more revenues. There was also confusion and disagreements about running income generation ventures among the members of TVOs. Umeed refused to spend too much money on its café and the shop in Lahore (income generation ventures), and FED refused to invest in its income generation ventures in the City of Education. Sanders and McClellan (2012) also confirmed that non-profits running the business ventures can be successful but still under constant pressure for fundraising and cautious allocation of resources with continuous scrutiny of expenses.

Dart (2004) suggested that for a non-profit to be business like, it needs to define objectives for revenue generation whilst making sure that these are aligned with the non-profit eventual cause. The TVOs seemed to be doing just that. They were serving the beneficiaries by making them part of their income generation ventures. Umeed made sure that its income generation venture was directly linked to its social cause, which mobilised women to learn sewing skills for making products that were sold in Umeed’s income generation venture. FED made sure that schools eventually become self-sustainable by attracting students from middle class who could afford to pay the fee. The main cause of imparting education to the poor remained intact while moving the schools towards self-sustainability. It seems that in case of TVOs the income generation venture helped these organisations focus more on their main cause. Kelly and Lewis (2010) observed that the struggle to obtain funding from other sources often distracts these organisations from their cause. However in the case of the two TVOs studied here, the flow of funding from their commercial activity helped them dedicate more attention to their cause rather to worry about funding. It may also be related to the fact that TVOs ventured into income generation areas which were related to their main cause. Umeed’s main cause was to empower women

by teaching them sewing skills, which were then used to produce products that could be sold at Umeed boutique. FED focused on making their schools self-sustainable so they did not have to rely on donation-based income. Subah had ventured into a completely different area of income generation (paper factory). It may also be connected to the fact that as most NGOs' main causes are related to advocacy, it is hard to turn these into an income generation ventures. TVOs on the other hand focused on health, education, and service delivery, which could be turned into income generation relatively easily. A survey by Massarsky and Beinhacker (2002) reported that arts and culture, health, public society, environmental, and education non-profits have income generation ventures. The survey did not report advocacy non-profits to establish and run income generation ventures. However this is not to say that unrelated income generation ventures do not prove successful for non-profit organisations. Save the Children sells men clothing (Dees, 1998a) and Pioneer human services offer training to former offenders for a fee (Foster and Bradach, 2005). However, yet again the non-profits in Pakistan are operating in a different cultural context as compared to that of developed countries. Therefore, it may not be possible for them to operate with success in unrelated income generation ventures.

Although TVOs did run income generation ventures, their identity of family non-profits did hinder the growth of these ventures. Researchers have suggested that starting income generation is only the beginning for the non-profit organisation. The real question is how the commercial ventures are being run (Dees, 1998a, Foster and Bradach, 2005). The family non-profits were overproducing (in the case of Umeed) and had more students than they could manage (in the case of FED) despite knowing it would affect their revenue stream. There was a clear case of conflicting identities at TVOs. On the one hand they were trying to serve their social cause by not denying work to any worker and giving school admission to every student who came to ask for it, and on the other hand being a social enterprise, they were trying to make these ventures self-sustainable and profitable. There is no doubt that the ventures were successful as they were making revenues and supporting the organisation, but this does not mean

that there was no room for improvement. The concerns over loss of face with contact base donors and contrasting difference between personal lives of volunteers and non-profits' humble outlook played its due role in hindering growth. The problem with the ventures was that they were trying to serve everyone and at the same time trying to generate revenues.

Foster and Bradach (2005) commented that highly acclaimed successful profit making ventures are overrated, as the estimates and financial numbers do not give an accurate picture of such ventures. They argue that these ventures are believed to make a profit, but in reality they are experiencing losses, as indirect costs are not accounted for. TVOs completely ignored the free services of the volunteers that they relied upon to generate their income. The income generation was built up and run by volunteers who did not charge for their services. However, eventually it looked likely that they would have to be replaced by paid employees. This was a cost that the TVOs failed to factor in to achieve future success. The idea of hiring a business specialist who could improve and run the venture was seen as an added cost and waste of money.

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### **6.3.3 NGOS' FAILURE IN INCOME GENERATION AND THE ROLE OF DONORS**

The identity of being a donor funded organisation meant that running commercial ventures did not come naturally to NGOs. The management and employees felt that NGOs were not built for this purpose and could not succeed at it. Commercial ventures were either non-existent at NGOs or had been closed down. However it would be unfair to suggest that NGOs did not put in some effort towards achieving this. The failed efforts can largely be blamed on the lack of support from donors and the lack of an entrepreneurial approach. The management at both NGOs feared that donors (current and future) would see the income generation venture as a harmful activity and that as a result this would affect the funds that NGOs might receive from the donors. Researchers have suggested that some donors dislike the commercial activity of the non-profits, in response to which the non-profit managers avoid raising

revenues from commercial activities (Segal and Weisbrod, 1997, Herman and Rendina, 2001, McGee and Donoghue, 2009). While these donors helped build up the NGOs, their role cannot be overlooked in the failure at income-generation front. These donors see NGOs as implementers and distributors of their funds (Prakash and Gugerty, 2010). Gent et al. (2015) suggested that the reputation of an NGO plays a key role in donors decision to fund an NGO. Due to this NGOs are very careful in their decisions to spent funds in a certain manner and not venture into income generation. Anheier and Salamon (1998) have rightly argued that donors have created their funded NGOs in developing countries without understanding the individual context of these countries. As a result the non-profit sector can now be divided into “old” and “new” civil society. The new civil society in Pakistan emerged in the form of foreign-funded NGOs during the first Afghan war. The massive rise of foreign-funded NGOs can be linked back to the enormous injection of foreign money in the form of donations, grants and even loans into Pakistan. The mushrooming of NGOs started in the 80s and was at its peak in the mid-90s. Pakistan received three billion dollars in 2010 alone, which was twice as much as what Bangladesh had received in 2010 (Jamal and Baldwin, 2017, Shah, 2014). In absence of other funding sources NGOs solely rely on donor-funded projects. Due to tight control by the donors, the NGOs find it difficult to explore other options of funding such as income generation. The donors do not openly support or deny support to such ventures, however, despite understanding that NGOs have no other source of funding, they provide little or no support towards it. It shows that while the donors suggest they want to create long-term impact with aid, they fail to help the NGOs to become self-sustainable.

Weisbrod (2004) suggested that the success of a non-profit in a commercial venture may lead the donor to think twice before funding it. It is not surprising that these donors, who are hesitant to fund self-sustainable non-profits, are unwilling to fund the NGOs to achieve self-sustainability. The NGOs on the other hand had become very comfortable with their identity of being a donor funded organisation. The

comfort zone of the project-based funding has made NGOs risk averse. Not only did they refuse to venture into income-generation but were also hesitant about finding new methods of fundraising.

The NGOs understood the issues with resource and fund-bound projects. They wanted to create the projects that were self-sustainable and could function after the funding ended. To keep the projects running, NGOs tried to develop a system during the implementation of the projects, which included making teams of volunteers who were trained to approach other donors for funding. SEED and Subah both had volunteers in the communities where they worked on short-term projects. The NGOs made every effort to keep the project alive even if the funding had run out. Shah (2014) reported that there are hardly any projects in Pakistan that have received the donor support for a long period of time. She cited the example of Thar Desert where many NGOs had set up rainwater harvesting projects. However over time, almost all of them became useless as the sandy banks caved in and could not be used to collect water. The local people complained that NGOs did not leave any resource for them to keep the project operational. There is no denying that most projects eventually closed down as NGOs could not spend time and money on them due to funding constraint, but the efforts towards keeping the projects alive negates the perception that NGOs worked only on small-scale short-term projects. It can be seen that NGOs wanted to make every effort to create a long-term self-sustainable impact on the communities, but they were bound by the funding. Here again the role of donor in ignoring the situation cannot be overlooked. Jamal and Baldwin (2017) also confirmed that in most cases donors are unaware of ground realities in Pakistan. They award projects to NGOs but rarely visit project sites to see the actual work and its sustainability.

As mentioned earlier, TVOs do very well on the income generation front, but this has little to do with donor funding and support. Most international donors do not want to work with TVOs in Pakistan. The failure of the donors to award projects to TVOs is causing a serious rift in the sector, as the TVOs

believed that the donors only award projects to NGOs, which do not question their agenda and can work with little or no autonomy. On the other hand, the donors failed to consider the contextual scenario when awarding projects. The identity of these organisations played a significant role in their decisions of funding and income generation. The detailed analysis of TVOs suggested that TVOs will continue to operate like this due to cultural issues. This does not mean that they are less effective in delivering the projects. In most cases, TVOs are better established as compared to NGOs due to stable permanent sources of income. They also have their permanent programmes, which are run irrespective of outside funding from a donor. Donor-funded projects for these programmes help TVOs increase its outreach. Since TVOs have large contribution from their income generation activities, it is quite possible that the short-term project by the donors will be carried out by TVOs even after the funding will end.

In this section, the three research questions have been answered. Based on the findings a model of organizational identity will be presented in the next section. The model suggests the multiple identities that can exist in hybrid non-profits and the factors that play a significant role in the development of these identities. The table below summarises the findings of this research and it will be followed by the model of organisational identity for hybrid non-profits.

Research Questions	TVOs	NGOs	Inference
How do TVOs and NGOs construct their identity as non-profits?	<ul style="list-style-type: none"> <li>Based on Causes (education and health) and Funding sources (Contact based)</li> <li>The choice of funding sources was largely influenced by well off background of leaders, which was also the central attribute of the TVOs. The leader also influenced friends and family to join the organisation as volunteer at top positions. Based on this the TVOs were named Family Non-profits.</li> <li>The reliance on local donations led towards identity of being a TVO</li> <li>The enduring attribute, maintaining a humble outlook and trust, were influenced by number of factors including stark difference between personal identities of members of organisation and beneficiaries population.</li> <li>TVOs did not want to be identified as NGOs due to negative public perception.</li> <li>Despite claims the TVOs worked with donor agencies and also served causes of advocacy</li> </ul>	<ul style="list-style-type: none"> <li>Based on Causes (Advocacy) and Funding sources (Donor based)</li> <li>The central attribute of the NGOs was presence of permanent sources of income which helped them survive for so long.</li> <li>The choice of funding source, donor agencies, was influenced by having little choice but to rely on donor agencies which were also the enduring attribute of the NGOs.</li> <li>The reliance on donor agencies led to identity of being a NGO.</li> <li>NGOs did not identify as NGOs due to negative public perception.</li> <li>Despite majorly being a donor funded non-profit, NGOs had other sources of income and also served outside their cause.</li> </ul>	<ul style="list-style-type: none"> <li>Both types of non-profits strongly believed on their identity of being non-profit and demonstrated it through not making money from their services to beneficiaries. This meant that they had to look for other ways of funding. The choice of funding played a key role in their organisational identities.</li> <li>The back and forth relationship with funding and identity determined them as TVOs or NGOs; the relationship was also mediated by founders' influential and well off backgrounds and availability of other funding sources.</li> <li>While TVOs and NGOs both believed that identity of being a non-profit was built on specific causes and funding sources, they both used other funding sources and served outside their major cause too. This meant that their identity was dynamic and not stable; however it was not explicitly accepted by the members of the organisation.</li> <li>Both, TVOs and NGO, carried multiple/hybrid identities which were at times in conflict with each other. These identities were largely affected by public's perception and hostility and outside environment. Due to this both organisations projected a different identity to stakeholders.</li> <li>Despite their beliefs it was evident that it was very difficult to draw a hard line between two types.</li> </ul>
How and why these organisations prefer different funding sources to construct their identity and reciprocally how does organisation identity informs funding?	<ul style="list-style-type: none"> <li>The preference of funding source was driven by the influential background of the founders and volunteers who drove contact based funding.</li> <li>The preference and reliance on local contact based donors drove the identity of being a Family non-profit, which consequently drove future funding too.</li> <li>The family non-profit identity meant that volunteers were required to bring in contact based donations, however the whole network of contact based funding was person driven.</li> <li>Family non-profits had more autonomy in funds spending as compared to NGO but faced other issues such as loss of face in front of contact based donors. The identity meant that they were not expected to be money oriented and spend lot of funds on business.</li> </ul>	<ul style="list-style-type: none"> <li>The absence of an influential founder led the NGOs to look towards donor agencies.</li> <li>The preference and reliance on donor agencies drove the identity of being an NGO, which consequently drove future donor funding projects too.</li> <li>The NGO identity attracted more donor agencies and projects but as an NGO they were not allowed / expected to spent funds as per their wishes, which meant that NGOs had little autonomy as compared to TVOs. Though NGOs funding sources and future plans were organisational driven as compared to being person driven at TVOs.</li> </ul>	<ul style="list-style-type: none"> <li>All non-profits started with a cause and few donations but after they run out of money they decided to choose a funding source. This choice led them towards specific identities. These identities then drew future funding sources. It was a back and forth relationship between the funding choice and identity.</li> <li>The specific identities also drove other decisions such as autonomy in funds spending and professionalism at structural and strategic level.</li> </ul>



**Table 13 Summary of Findings as per Research Questions**

<p>How and why these organisations use (or not use) income generation ventures to construct their identity and reciprocally how does the identity informs the use of income generation ventures?</p>	<ul style="list-style-type: none"> <li>• The identity of being a non-profit assured that they did not make an effort to make money from beneficiaries through services.</li> <li>• The identity of being a family non-profit meant that TVOs had dedicated volunteers to start and run an income generation venture.</li> <li>• More autonomy in spending funds also meant that TVOs could invest in these ventures.</li> <li>• However ventures were largely dependent on volunteers and serious trust issues existed to handover system to paid workers.</li> <li>• The identity of being a non-profit assured that ventures were not run like business and cause took priority over business more often than not.</li> <li>• The income generation ventures also meant that non-profits carried identity of being a social enterprise but the members were either in denial or not aware of it.</li> </ul>	<ul style="list-style-type: none"> <li>• The identity of being a non-profit assured that they did not make an effort to make money from beneficiaries through services.</li> <li>• The identity of being an NGO assured that they did not make effort to run an income generation ventures.</li> <li>• It was neither funded nor appreciated by donors that NGOs make an effort towards self-sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• The identity of being a non-profit assured that non-profits either do not run income generation ventures or not run them like pure businesses.</li> <li>• There was either a denial of social enterprise identity or lack of awareness about it. Non-profits did not want the stakeholders, donors and public, to see them as businesses. For this reason a different identity was projected to those stakeholders.</li> </ul>
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## 6.4 A MODEL OF ORGANIZATIONAL IDENTITY FOR NON-PROFIT SECTOR

Organizational identity relates to questions such as “*Who are we*” “*What kind of business are we in?*” and “*What do we want to be*” (Albert and Whetten, 2004, Albert and Whetten, 1985). The question of identity is of particular importance for non-profits due to their commercial practices which often lead to utilitarian identity (business side), and accommodating the mission leading to normative identity (social side). The presence of multiple hybrid identities makes the sector different from other sectors. (Lee and Bourne, 2017, Billis, 2010b, Young, 2001b). While the presence of hybrid organisations is becoming common in other sectors as well, the confusion of ownership, leading to identity issues, seems to prevail specifically in the non-profit sector. The sector can be affected by the power that stakeholders, who may not necessarily be linked to organisation, can exercise over non-profits (Foreman and Whetten, 2002, Pratt and Foreman, 2000, Young, 2001b, Lee and Bourne, 2017).

Gioia et al. (2013) suggested that the most controversial element of organisational identity is the question about it being a stable (enduring) or changeable (dynamic) attribute. Over the period of time the debate has settled suggesting that identity changes with time though the important issue now is that insiders (members of the organisation) continue to see identity as a stable function. However the identity evolves over a period of time although it won't appear as such to organisations' members, thus leading to creation of multiple and at times conflicting identities for the non-profits. (Gioia et al., 2010, Albert and Whetten, 1985). The confusion in identity can cause numerous issues for non-profits. A clear identity helps shape up course of action and strategy while a uncertain or dual identities can lead the organization in conflicting directions (Young, 2001b).

It is quite evident that non-profit organisations have hybrid identities, which they struggle to maintain. The literature review chapter discussed a few models for analysing the identity of hybrid organisations. These models will now be discussed in light of the empirical findings of my research. Jäger and Schröder

(2014) suggested that hybrid organizations face issues of organizational identity and suggested the following criteria for analysing hybrid organization's identity :

		Fields of Hybrid Organization's Identity		
		Market Identity	Hybrid Identity	Civil Society Identity
<b>Organizational Identity Dimensions</b>	<b>Identification of Individuals with organization</b>	Organizational members' identity is to fulfil a function in society by acting primarily in their self interest	Organizational members' identity is to execute a meaningful work	Organizational members' identity is to understand themselves to be means to be higher goals of a collective
	<b>Structure that determine organizational events</b>	Organizational structures are part of markets as rational networks, which they use as means for pursuing their goals	Organizational structures are dependent upon how valuable communal solidarity is to a society	Organizational structures are embedded in social networks
	<b>Practice of Organizational Executives</b>	Organizational actor's practice is to mobilize resources like volunteers, sponsors, donors, and others	Organizational actor's practice is to exchange solidarity for financial/nonfinancial resources.	Organizational actor's practice is to serve the public good.

Table 14 Observation of hybrid organization's identity (Jäger and Schröer, 2014 pg:1293)

However this model looks at organizational identity from the perspective of individuals, structure, and practice of organizational executives. The findings from my research indicated that the non-profit hybrid identities are shaped up by other factors too. Some of the important factors are volunteers, causes, funding, and income generation. Hence, this model alone cannot be used to determine the identity of non-profit sector.

The literature chapter also discussed the five facet identity model based on multi stakeholders approach by Moingeon and Soenen (2002). The multi stakeholder approach is suitable for non-profit due to the power different stakeholders possess on the non-profit. The model suggested that organisations not

only have multiple identities but these identities can have multiple facets as well. The five facets were named professed, projected, experienced, manifested and attributed identity. However the authors did not suggest which factors lead to the emergence of these identities. It is also not clear if these identities are conflicting and the reasons for the conflict. The literature uses different terminologies to describe these five facets. For instance professed and projected identities are quite similar to public and private identities proposed by Albert and Whetten (2004). Brown et al. (2006) identified four central concepts of identity and different terminologies that were being used to define them. The authors proposed unifying terminologies to define these aspects in relation to CED attributes of identity. These four aspects are identity, intended image, constructed image, and reputation. The table below summarizes the four concepts

<b>CED Aspect</b>	<b>Viewpoint</b>	<b>Description</b>
Identity	"Who are we as an organization"	Mental associations about the organization held by organizational members
Intended Image	"What does the organization want others to think about the organization?"	Mental associations about the organization that organization leaders want important audiences to hold
Constructed Image	"What does the organisation believe other think of the organization"	Mental associations that organization members believe others outside the organization hold about the organization
Reputation	"What do stakeholders actually think of the organization"	Mental associations about the organization actually held by others outside the organization

**Table 15 Proposed Unifying Terminology (Brown et al, 2006, Pg 102)**

It is not possible to cover '*Reputation*' for this research as donors and public were not part of data collection. However the other three facets, identity, intended image and constructed image will be used to present a model of organisational identity for hybrid non-profits. It has been suggested that non-profits either have no bottom line (Drucker, 2012) or have multiple bottom lines (Anheier, 2014). This often leads them to have multiple identities (Skelcher and Smith, 2015, Salamon and Sokolowski, 2016, Smith, 2014). While the presence of multiple identities is accepted in the literature, little has been said about how these identities arise. The current debate on organizational identity also fails to outline the

factors that play a role in establishing these identities. These factors include the contextual factors which can pose a threat to non-profits main identity or what the members believe their organisation stands for (Chenhall et al., 2016). The model presented in the next section attends to these issues and discusses the factors that play a significant role in the emergence of multiple identities for a hybrid non-profit. This model is developed based on the conclusions from previous chapters. The model will act as a framework for non-profits to assess their multiple, and at times conflicting, identities. It is important to mention that the model does not imply that the identities are shaped by these factors alone, far from it; the model intends to provide a starting point for researchers to understand the multiple identities of hybrid non-profits.

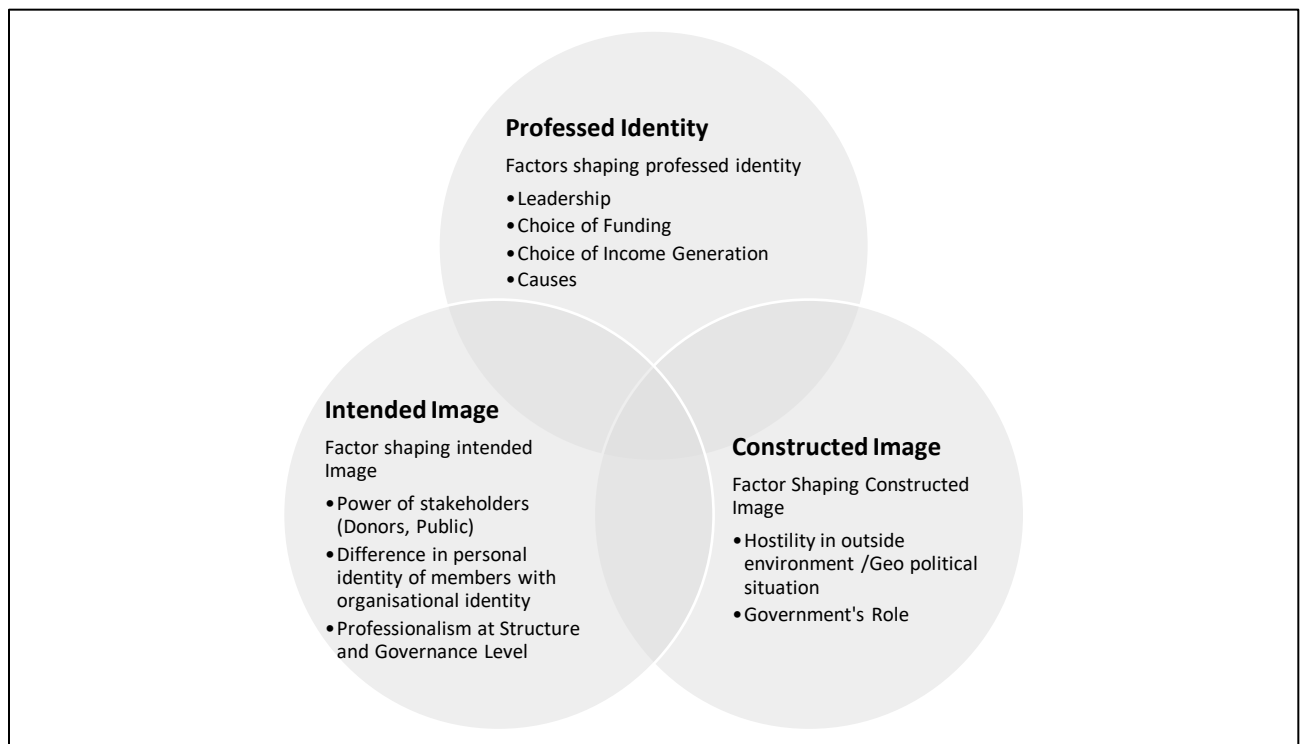


Figure 14 A Model of Organizational Identity for the Non-profit Sector

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#### 6.4.1 PROFESSED IDENTITY

Brown et al. (2006) suggested that Identity is the *mental association that organisation's members hold about the organisation*. Moingeon and Soenen (2002) named the similar concept *professed identity* which consists of the beliefs that members of the organisations carry about the organisational identity. For the sake of this model this concept will be referred as professed identity. As suggested earlier this model will discuss the factors that influence the emergence of professed identity. There are multiple factors that play a role in shaping up this identity. The first and foremost is the cause of the organisation. Most non-profits start with a simple cause and aim to build the organisation around it. Members of the organisation, especially the leadership, consider the cause a determining element of the identity. As observed in case of TVOs and NGOs, a non-profit working in education considered itself a TVO helping people in the journey to become self-sustainable. On the other hand a non-profit working on creating awareness about human rights or gender equality would consider itself an advocacy NGO, as seen in case of NGOs covered for this research. The role of leadership, in deciding to rely on a specific funding source, would also determine the identity of a non-profit. For instance if the leadership decides to rely on multiple funding sources including donations, income generation, and government grants, it categorize the organisation as a hybrid non-profit. The cause can also determine the funding source of the organisation. For instance in Pakistan the advocacy based NGOs are like to draw funding from international donor agencies.

Since the professed identity is typically embedded in organisation's history and leadership, the members of the organisation continue to see it as stable set of attributes. However over time organisations are likely to change. Various factors including reliance on multiple funding sources, and professionalism at structural and governance level, may lead them towards hybrid forms, even though members of the organisation continue to see non-profit as it was in the earlier years. Gioia et al. (2010) and Schultz and

Hernes (2013) confirmed that although non-profits may evolve over time, members continue to believe in their original identity.

It is quite possible that disagreements prevail within members of the organisation about professed identity. Kreutzer and Jäger (2011) research with voluntary associations suggested that volunteers and paid staff carried different identities of the same organisation and at times these identities were conflicting. Whetten and Godfrey (1998) suggested that when some members began to challenge and change the organization's identity they faced opposition from the other members who are deeply committed to organization's current identity. The change in the identity will take place depending on the balance between the two oppositions. The same was observed in the analysis of TVOs where the senior members contested the changes in the non-profit. Inception of income generation ventures and more professionalism in the non-profit was always met with resistance from the leadership. Although the income generation venture was accepted by senior members eventually, different perceptions existed about them. Some members of the organisation saw the income generation as a self-sustainable source of funding to help organisation achieve its cause. Other members saw the venture as the cause of the organisation as it employed the intended beneficiaries. Similarly spending money on income generation ventures (renovation of boutique and café) was met with the same resistance. These disagreements also affected the decisions to run income generation ventures not as pure businesses. These disagreements in TVOs were influenced by two factors. One, the changes in funding sources and professionalism at structural level will divert the non-profit from its mission. King (2017) confirmed that professionalism in non-profits come at certain cost. The author described his own experience of becoming more professional and how focus on achieving the funder's aim increased his distance from non-profits ethos. Gradually, during this process, the accountability shifted from beneficiaries to the funders. Thus the fear of members about changes in professed identity was somewhat justified. Second,

the outside stakeholders will start seeing TVOs differently and it will consequently affect running of the organisation. These two factors halted the senior members to accept changes in the identity and consequently led to creation of dissimilar perception of identity among the members of the organisation.

There are opposing debates about organization's success or failure when leaders' disagree about identity. Some researchers suggested that the disagreement can help the organization cope with a dynamic identity (Eisenhardt and Martin, 2000). Voss et al. (2006) researched organizational identity crisis of 113 non-profit professional theatres after their two top leaders held opposing views about it. The research concluded that disagreement about organization's identity from top leaders can be beneficial for the organization as it can challenge members' basic assumptions and motivate them to achieve organizational goals. Other researchers believe that absence of collective identity can decrease members sense of meaning and belonging to work (Kreiner and Ashforth, 2004). Collins and Porras (1996) noted that when leaders disagree on organization's identity it can either lead to richer range of options and improved decision or can cause severe communication issues between leaders and within the organization. For TVOs the disagreements about the professed identity caused hindrance to organisation's growth. The disagreements were in multiple areas including causes (advocacy), single or multiple source of funding, presence of income generation ventures, and running the venture like a proper business. Consequently it led to emergence of multiple and conflicting identities.

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#### **6.4.2 INTENDED IMAGE**

Brown et al. (2006) suggested that intended image *is the mental association about the organisation that organisation's leaders want important audience to hold*. This is also referred to as projected identity by Moingeon and Soenen (2002). In ideal circumstances a non-profit would like professed identity to be the intended image for outside stakeholders. However since we do not live in an ideal world, non-profits



often project a different identity to outside stakeholders. The intended image can be different from professed identity due to multiple reasons. One of the significant reasons can be the power that external stakeholders can exercise over the non-profit. For hybrid non-profits in this study two stakeholders played a significant role in this process; donors and public. The NGOs suggested that the donors won't give them projects if they saw that NGOs were self-sustainable. It has been established in the literature that reliance on an alternate funding source can crowd out the other funding sources (Kingma, 1995, Heutel, 2014, Hughes et al., 2014, De Wit et al., 2017). Scott and Lane (2000) also confirmed that non-profits must response to multiple stakeholders groups and thus need to be careful in answering the identity question. Considering this factor NGOs did not want to portray an image where they might fall victim to crowding out. Interestingly NGOs employees also did not see income generation as natural course of action for NGOs. Since donors and employees wanted to see NGOs mainly as implementers of projects the NGOs, in this particular case, the professed identity of NGOs was quite similar to intended image.

However it was a different case with another powerful stakeholder, public's perception. Pakistanis considered NGOs foreign funded with a harmful agenda. Apart from negative sentiments the NGOs also faced hostility in the field. That is why NGOs were reluctant to reveal their identity to general public. NGOs avoid using the term *NGO* on their website and at any other written material. Their employees refused to be identified as NGO workers in the field. In this particular case there was clear dissonance between professed and intended image.

The choice to project a different identity can both be a deliberate and unconscious decision. It seemed that in case of TVOs, this was an unconscious decision due to variance in personal identities of members and organisational identity. It was apparent in case of TVOs that they were run by the elite of the country. An outsider could see this as an ironic combination where the personal lives of leaders were

strikingly different from the beneficiaries that they were serving. The negative perception about the lavish lifestyle of non-profits also played its due role. Considering these factors TVOs chose to have a humble outlook and made efforts to justify it as well. So it can be said that for TVOs professed identity and intended image was quite similar but there was clear dissonance between personal identities of the leaders and organisational identity of the TVOs.

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#### **6.4.3 CONSTRUCTED IMAGE**

While the members of the organisation try to portray a particular identity to stakeholders in form of intended image the constructed image could be entirely different. Brown et al. (2006) suggested that constructed image is the *mental associations that organization members believe others outside the organization hold about the organization*. Dutton et al. (1994) confirmed that internal assessment of how outsiders see the organization may not always be same. There can be difference between actual image or public identity and perception of organisational members about how they are perceived in public. There are a couple of factors that influence shaping of constructed image, specifically if it is different from intended image.

In Pakistan non-profits made efforts to portray an intended image of pure non-profits. Despite these efforts the members understood that non-profits are seen negatively by public due to geo political situation of the country and cases of corruption of some NGOs. The image was constructed due to NGOs historic roots and funding preference. These factors played a significant role in general public suspecting the non-profits. The members of the non-profits also understood it and thus made efforts to portray a different identity through intended image; however they also understood that the constructed image was somewhat dissimilar.

TVOs intended image, through maintaining a humble outlook and keeping the structure and governance least formal, was to please the local donors. While it did the trick and intended and constructed image were in sync with each other for local donors, it backfired in case of donor agencies. The donor agencies wanted to see non-profits as implementers of the projects. They did not want to see these organisations putting their efforts towards self-sustainability. The donor agencies disliked the autonomy of TVOs and did not appreciate absence of professionalism at structural and governance level. So it is interesting to see that an intended image, humble outlook, built different constructed images for different audiences. The intended image built a positive perception among the general public and local donors, it created a different constructed image for donor agencies. On the other hand NGOs focused on building a specific image for donor agencies by having more professionalism; however they understood that it built a different constructed image for general public which wanted to see the NGOs with a humble outlook.

The government can play a significant role in shaping the constructed image as well. Due to the geo political situation of the country the non-profits are under constant scrutiny of government. In the past two years many international and local non-profits have been asked to close their operation in Pakistan due to their inability to meet legal requirements recently set by the government. Such instances build up an image in Pakistan that non-profits cannot be trusted and they often carry a harmful agenda. Thus for many non-profits professed identity and intended image are often far from the constructed image.

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#### **6.4.4 DISSONANCE BETWEEN IDENTITIES**

Elsbach and Kramer (1996) suggested that top management sets the organisational identity which can only be confirmed by internal and external stakeholders of the organisations. If there is a difference between these identities then it leads to identity dissonance where identities are inconsistent. The factors outlined in the previous section may explain how these different identities arise. It is apparent that non-profits change over a period of time. The changes can occur in their cause and outreach, the

funding choice, income generation, and professionalism at structural and governance level. These changes also give rise to different identities in the organisation. In hybrid non-profits it is possible that these identities are operating in conflict with each other. Some researchers suggested that multiple conflicting identities can be managed and are healthy for the organisation while others disagree and claim that the conflict can be harmful (Pratt, 2001, Golden-Biddle and Rao, 1997, Pratt and Foreman, 2000). My research concluded that non-profits with income generation ventures more often than not suffer from conflicting identities. They have continuous struggle to shift from normative to utilitarian identity and vice versa. Gioia et al. (2000) took a different approach and suggested that organizational identity is dynamic and adaptive due to reciprocal relationship between identity and image. The authors suggested that the adaptive nature of the identity does not destabilize the organization rather it helps it to adapt to complex and turbulent external environment. While it is true that reliance on multiple sources of funding and changes in funding source and income generation ventures helped the non-profits survive for longer duration, they struggled with identity every day. There were disagreements about professed identity within members of the organisations, conscious and unconscious efforts were made to project a different identity to stakeholders (intended image), and at the same time it was accepted that a diverse constructed image existed with different stakeholders

Pratt (2016) questioned if members of the organisation want, need, or expect to have some integrated sense of *"who we are"* as an organisation. In case of hybrid non-profits it was observed that members were reluctant to accept that they had conflicting identities. While they felt that they were doing well as a non-profit it was apparent that decisions about causes, funding, and income generation were largely influenced by these conflicting identities. At times these decisions hindered the organisation's growth. The overlapping areas in professed, intended image, and constructed image did communicate some

sense of unity and integrated sense of identity for non-profits but in most cases the distance between identities was wide.

The important question is why the distance between the different identities grew and why were they operating in conflict with each other? As suggested earlier, not all parts of identity are conflicting rather there is overlap between the three facets which does give a sense of unity to “*who we are*” question. But there is also no denying that some aspects of professed, intended image, and constructed image were in conflict with each other. These conflicts arise due to the changes in the non-profit over a period of time, in which they move into a hybrid form. For instance a non-profit aiming to provide education to neighbourhood children will run out of reason to exist once all children in that neighbourhood start going to school. In this case non-profit is likely to expand its outreach and aim to educate children of a city or a country. The change in cause can also mean that it will need more paid workers and a professional approach towards achieving the cause. The change in cause can also mean that the non-profit will look to broaden its funding base and look for multiple sources now. Reliance on multiple funding sources, a bigger cause, and professionalism at structural and governance level will transform a neighbourhood non-profit into a more professional and possibly a national level non-profit. This will also bring elements of hybridity in the organisation. This gradual transformation often takes number of years and it's possible that non-profit does not realize that they have changed their identity. It is also possible that non-profits are in denial of their changed identity as they want to carry a different self-image. For instance it's a possible that a non-profit starts operating an income generation venture to have a stable source of income. Over time this non-profit turns into a social enterprise and the income generation venture takes priority over the cause. But the members of organisations either do not realize it or want to deny it to carry their pure ideal type non-profit identity. In this case the professed identity, pure non-profit, will hinder them from making business decisions for the social enterprise. On the other hand the

power of stakeholders, donors and public, will play an essential role in projecting a different intended image. While the non-profit will profess identity of a self-sustainable entity, social enterprise, it would want to portray an intended image where donations are still required to run the organisation. It seems that professed identity and intended image for hybrid non-profits are mediated, however constructed image is built based on external factors that are often outside non-profit's control. These factors can include the geo political situation of the country and government's role.

Young (2001b) suggested that different identities of non-profit affect them at strategic and structural level with each identity asking for a different direction for the organisation. In case of three conflicting identities it is possible that non-profits struggle to survive and strive. It is clear that hybrid non-profits suffer from dissonance between professed, intended image, and constructed image. This can better be explained through the example of TVOs and NGOs.

	<b>TVOs</b>	<b>NGOs</b>
<b>Professed Identity</b>	Locally funded non-profit / family non-profit Self-sustainable non-profit	Donor funded non-profit
Factors effecting the creation of professed identity	Leadership and volunteers (influential) Cause (Education and Health) Reliance on Local Funding Sources Income Generation (Self-sustainability)	Lack of influential leadership and reliance on donor agencies from the start - Reliance on one single source of funding Causes (advocacy) Absence of income generation ventures
Conflicts among members of the organization about professed identity	Yes	No
Factors leading to conflict	Transformation into a social enterprise – growth of income generation venture Resistance from senior members and leadership over the transformation	
<b>Intended Image</b>	Not an NGO A humble locally funded non-profit	A Non-profit organisation (for public) Implementers of projects (For donors)
Factors effecting the dissonance between professed identity and	Difference between personal identities of members and non-	The power of stakeholders, public and donors, over the NGO.

intended image	<p>profit identity – to avoid any criticism from public the TVOs maintained a humble outlook and distance themselves from NGOs</p> <p>The humble outlook was also maintained to continue attracting donations</p>	<p>A different image was portrayed for public to avoid hostility</p> <p>Image of implementers of projects was portrayed to donors as they provided necessary lifeline (funding) to NGOs</p>
<b>Constructed Image</b>	<b>Foreign funded non-profits – carrying a harmful agenda</b>	
Factors effecting the dissonance between professed identity, intended image, and constructed image	Geo political situation and government's role	Geo political situation and government's role

**Table 16: Professed Identity, Intended Image, and Constructed Image for TVOs and NGOs**

It is evident that hybrid non-profit have conflicting identities due to both internal and external factors. While they continue to survive with these identities and are answering “*who are we*” and “*what kind of business are we in?*” their real struggle seems to be with “*what do we want to be*”. The presence of conflicting identities and confusion in decision making is likely to cause future issues for hybrid non-profits. There is a dire need for them to overcome the challenges of conflicting identities and create a sense of unity among professed identity, intended image, and constructed image.

This model makes an important contribution in the literature by providing contextual factors that play a significant role in development of multiple identities in non-profits. While there is wide acceptability of hybridity in the non-profit sector there are few models that cater to the factors which cause hybridity and multiple conflicting identities in the sector. This research aims to provide future researchers a platform on which they can build better understanding of hybrid nature of non-profit and multiple identities.

## 6.5 RESEARCH CONTRIBUTIONS

This study makes significant theoretical contributions in the field of organisational identity and Pakistan's non-profit sector. It improves the understanding of the sector thereby providing future

researchers a launching pad to conduct further in-depth studies. One of the important contributions of this research is inducing a model of organisational identity for hybrid non-profits. While the literature presented few models for hybrid non-profits it did not cater to the factors that play a significant role in emergence of multiple, and at times conflicting, identities in non-profits. Understanding multiple identities, that maybe operating in conflict with in another, is very important for non-profits as unlike the other sectors non-profits identity is embedded in a social cause. Non-profits continuously struggle to strike a balance between their normative and utilitarian identity. This model helps understand that non-profits can have three facets of identities due to the contextual factors and the pressure that external stakeholders can exert on them. The conflict in identities often cause struggle as each identity asks for a different direction for the organization. If non-profits are able to understand their multi facets identities and the factors that cause them they will be able to reduce confusion and conflict and operate in a better manner. It is anticipated that future researchers will use this model to better understand the hybridity in the non-profit sector.

This study aimed to fill the gaps in the literature by inquiring how TVOs and NGOs construct their identity as non-profits. It was an important line of inquiry since the literature only suggested that the organisational identity of these non-profits is based on their funding sources and causes, but failed to provide the reasons. This study made significant contributions in the literature by revealing that while TVOs and NGOs believed that they carry distinctive identities, it was not the case. TVOs and NGOs shared multiple aspects of identity of being a non-profit and often worked with similar aims. Due to funding constraints the aims were not always met however the intentions of both organisations were quite similar. This helped in concluding that they did not always carry distinctive identities, from one another, but rather conjured to it due to public's perception. The research also found that it is as difficult to define non-profits in Pakistan as it was in other countries, as discussed in the literature. The



presence of heterogeneous organisations, within the same type such as NGO, made it hard to come up with a conclusive definition of the non-profit organisations.

The literature also suggested that funding preference and causes played a significant role in TVOs and NGOs identification. However the literature did not answer which factors lead to funding choices. This study revealed that choice of funding source in the initial years led to a specific identity which consequently played its role in future funding choice. However the choice of funding source in the initial years was dominantly prompted by the founders' influential background. In the absence of a founder who did not come from an influential background, non-profit had to choose donor based projects, which led to be identified as an NGO. Despite the choice of funding sources it became evident that both TVOs and NGOs had other funding sources as well. The same was the case with the causes where both types ventured into causes other than the ones commonly associated with them. This study suggests that organisational identity, in Pakistan's non-profit sector, was largely affected by the external stakeholders rather than organisation's internal factors.

Another main contribution of this study is exploring the income generation ventures of the TVOs and how they affect (or vice versa) the organisational identity of the non-profits. The income generation ventures, in Pakistani non-profits, have not been studied in the literature and this study is the first to contribute towards the understanding of these ventures. The study revealed that the ventures were directly affected by organisational identity and also played its due role in building up the identity. In case of TVOs multiple and at time conflicting identities affected the way ventures were run. In case of NGOs the identity assured ventures were either closed down or not started. Donors' role also turned out to be a significant factor in NGOs failure to achieve self-sustainability. The study has raised questions about the role donors are trying to play in the sector. Their current role has led towards creating old and new civil society in Pakistan, along with rift between TVOs and NGOs and that has played a significant role in organisational identity of the non-profit organisations.

This study also makes significant methodological contributions. This study has combined the data from interviews, field diaries, documents, and researcher's own experience to build a picture of Pakistan's non-profit sector. Methodologically there are few studies which have done so in the past. The previous studies, on Pakistan's non-profit sector, helped shape up questions for this study however majority of them were quantitative and descriptive. The previous studies helped in understanding a blur picture of the sector but did not answer some essential questions. The current study has made an effort to study the sector through in-depth qualitative study, therefore build on the work of other researchers.

On the more practical side this study would interest the people in Pakistan who want to better understand the sector. Being part of a University I can see growing interest of students in the non-profit sector, however there are multiple misconceptions that exist about the sector which this research has addressed. This research will be very important for the non-profit sector managers as well. Despite the fact they were running successful non-profit organisations it was clearly felt that they did not understand the identity issues of their organisations and how it led them to constraints. They did not want to experiment and explore other ways of working. This work should also interest managers of TVOs and NGOs because it helps them understand the rift between the two organisations is based on misconception.

## **6.6 LIMITATIONS AND FUTURE RESEARCH RECOMMENDATIONS**

Like every research, this study has also been clouded with some limitations. These limitations were hard to address and often outside my direct control. Yet these limitations also provide the direction for future research. One of the first limitations of the study was related to access. This study was started with an aim to collect data from donors, beneficiaries, and non-profit organisations. Donors, instantly, turned down all access efforts owing to different factors. One of the factors was related to continuous scrutiny by Government of Pakistan (on-going) which made them suspicious of any effort of data collection.

*(Since then, 2015, many international NGOs have been asked to close down their offices in Pakistan. These NGOs did not meet the legal requirements set by the government and were involved in suspicious activities).* Due to this donors were excluded from this research. Beneficiaries' data was collected from all four organisations but had to be excluded due to the possibility of bias responses. The presence of non-profits' representatives during the data collection and the fact that beneficiaries were still benefiting from projects, played a role in clouding the data. Another exclusion from the data was of religious non-profits which form at least 30% of Pakistan's non-profit sector. The exclusion was due to security concerns and prevailing situation in the country. Thus in the end, only the data obtained from non-profit management and employees was included. It is suggested that to have a fuller understanding of organisational identity (based on funding, causes, and income generation), other actors including religious non-profits, donors, beneficiaries, and government be included in the research.

Another limitation of this research was reliance on out-dated descriptive research on Pakistan's non-profit sector. Since 2004 no research has documented the number of non-profits, their funding, causes, and income generation in Pakistan. It was felt that the 2004 statistics were not only out dated but at times presented untrue picture of the sector. It was unfortunate that even the Government of Pakistan has not made efforts in this regard. There is a dire need to document the sector descriptively so future researches can rely on better facts and figures.

This research included the TVOs and NGOs which were able to survive and progress due to presence of permanent sources of income. The discussions with both TVOs and NGOs revealed that a huge part of the sector is based on seasonal non-profits. These non-profits start and close down within a span of few years. The dominant reason has been the role that donors play in establishment, and then closure of these non-profits. There is a need to understand these organisations as well as they form a large part of Pakistan's non-profit sector. Along with these organisations it's important to understand the role that

international donors play in Pakistan's non-profit sector. It's vital to ask what donors are trying to achieve with creating old and new civil society, by awarding short term projects, in developing countries, such as Pakistan.

## 7 CHAPTER 7: CONCLUSION

The context of Pakistan's non-profit sector is quite unique due to distinctive identities of TVOs and NGOs based on funding sources and causes. The purpose of the research was to understand the sector better by answering how these organisations form their identities and how the identity reflects on their decisions of funding preference and income generation.

There was absence of consensus in the literature on defining a non-profit organisation as researchers choose different variables to describe it. The findings from this research revealed that it is difficult to come up with a single definition for a non-profit organisation due to multiple factors. One of the factors was the difference between legal definitions of the sector which varied across countries. The difficulty of defining the sector was deepened with different actors including donors, government, and non-profit managers, seeing the non-profit in different light. The phenomena of sector bending and presence of hybrid organisations also made it quite complex to agree on a single definition. These factors led to creating issues of organisational identity for non-profits as they operated in hybridity.

Pakistan's non-profit sector has clearly been divided in three types of organisations based on funding sources and causes. A dominant source of funding was based on fees but it was not explained how TVOs and NGOs earn this fee. The literature also did not discuss how the different identities emerged and what led to sustaining these identities. This presented a gap in the literature which was addressed by asking three main research questions. The first question asked how do TVOs and NGOs construct their identity as non-profits, the second question inquired about the preference of funding sources and how it played a role in organisational identity of these organisations , and the third question aimed to investigate the role of income generation in the formation of organisational identity. The idea was to see how TVOs and NGOs build distinctive identities based on funding and income generation.

The analysis of TVOs and NGOs did bring me to conclude that the organisations may not have distinctive identities. Based on contact based donors and family/friends occupancy of top positions, TVOs were named family non-profits. Based on heavy reliance on donor based projects, NGOs were identified as donor based NGOs. Yet it was very difficult to draw a hard line between the two types of organisation just based on funding sources and causes. Both types of organisations ventured into other funding sources and causes than the ones commonly associated with them. The specific identities were built with the choice of donor base in the early years of these organisations. With the passage of time these donors started affecting the decision of funding and income generation in these organisations. The choice of contact based donors assured that TVOs maintained a humble outlook and ran the organisation with volunteers. The choice of donor funded projects assured that NGO continuously struggled for more donors and failed to sustain an income generation ventures. The choice of donors and the consequent effects of donors on originations seemed to be a back and forth relationship that effected the establishment of identities for both TVOs and NGOs.

It was also very interesting to see that they both denied their specific identities. TVOs were very open to deny that they were not an NGO because they did not run short term projects and or work on advocacy, despite the fact that they ventured into both at some point in time. They also denied or were reluctant to accept that they were a social enterprise, despite the fact that they ran successful income generation ventures. The denial was clearly to do with confirming the self-image that they had of being a non-profit. NGOs on the other hand were open to be identified as donor funded organisations but failed to do so on their website or any other written material. The employees were also open to suggest that they worked for a donor funded NGO but refused to be identified as an NGO worker in the field. It seemed that the organisational identity of both TVOs and NGOs was largely affected by the public's perception. They struggled to maintain the self-image of being a pure non-profit with the reality of being hybrid organisation one way or the other.

One of the aspects where TVOs and NGOs were clearly different was income generation. This research interestingly revealed that both TVOs and NGOs barely made any money from the fees of services. The identity of being a non-profit played a significant role in TVOs and NGOs refusal to make money from the beneficiaries. However the idea of making money from other ventures and from a different income group was present in the sector. TVOs were open to income generation ideas and were actively pursuing it. The idea of income generation was driven from the founders and their contact based donors. The absence of project based funding and dedication of volunteers also played their due role in success of these ventures. NGOs on the other hand did not consider income generation a natural course for donor based NGOs. The idea of not having income generation was driven from their comfort zone with donor based projects, and lack of appreciation from donors. There is no doubt that NGOs had a clear sense of their identity as compared to TVOs. It is possible that in the near future, when social enterprises are recognised in Pakistan as legal entities, TVOs do want to be identified as a social enterprise. However it is not the case right now as TVOs feel that they don't want business as their sole or major identity rather than being a pure non-profit.

It was also interesting to see the misunderstanding that prevailed in TVOs and NGOs about each other. TVOs believed that all NGOs left their beneficiaries stranded and ran a foreign agenda. NGOs felt that TVOs were funded by their parent organisations and had a large asset base. Both perceptions were only partially true. NGOs also despised the other NGOs which mushroomed due to funding availability and then close down defaming to the entire sector. They were also well aware of the prevailing perception and tried to work towards creating a positive word of mouth for NGOs. NGOs believed that TVOs were successful due to their large asset base and rich parent organisation. This was also partially true as the parent organisation only played a minor role in TVOs. Also the large asset based was acquired over the years with effort of fundraising and income generation. It seemed that there was clear lack of communication and understanding within the sector due to segmentation.

It was quite evident that TVOs and NGOs both carried hybrid, and at times conflicting, identities; yet it was not explicitly accepted by either. These findings led to proposing a model of organisational identity for the hybrid non-profits. While there is presence of multiple models which deal with presence of hybrid identities but few discuss the factors that lead to these identities. The proposed model included three facets of identity including professed identity, intended image, and constructed image. These three facets were discussed in the context of hybrid identities that non-profits carry. The factors that lead to emergence of these identities and conflicts among them were included in the model. These factors were driven from the findings of research questions. The findings of this study make significant theoretical contributions in the field of organisational identity and Pakistan's non-profit sector by highlighting the contextual factors.

Ultimately, this research has identified new ways of thinking about the non-profit sector in the developing world by putting forward proposals that potentially ameliorate some of the more complex issues. Whether they can be taken forward, or stabilised, depends on many factors including the continuous change that is occurring in the sector. It is anticipated that this study will prove to be a launching pad for future researchers to conduct further in-depth studies on multiple identities of the non-profit sector.



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