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Management of Tensions in Bangladeshi Social Enterprises within Institutional Plurality: A Resource-Based View

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ABSTRACT

This paper examines the nature of managerial tensions that may result in hybrid social enterprises (SEs) due to co-existence of values and influences from pluralistic institutional domains. The paper also explores how such organisations mobilise resources and capabilities in order to respond to internal tensions. The study adopts a multiple case study approach, collecting data from nine Bangladeshi SEs. The study identifies a number of competing pressures originating from multiple institutional domains, which have affected the way they accomplished their dual value and approval from multiple stakeholders. This interplay between SEs' dual goals and institutional influences led to seven different tension types inside the studied cases. The management of these tensions, at the strategic level, involved five different responses: (i) forced adoption/coercive adoption, (ii) proactive response, (iii) adapt, (iv) influence, and (v) side-stepping. At the functional level, this involved orchestration of SEs' resources and capabilities in a particular way.

KEYWORDS

Social enterprise; hybrid organisations; institution; Bangladesh; tensions

Introduction

This paper examines whether and how social enterprises (SEs) experience managerial tensions in embedding competing logics coming from different institutional actors and how they manage those internally at both strategic and functional levels. In so doing, the paper draws upon theories from hybrid organisations, institutional views and strategic management literatures. Social Enterprises (SEs) have been identified as

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prime examples of hybrid organisations in a recent stream of studies (e.g. Battilana and Lee 2014; Doherty, Haugh, and Lyon 2014). Hybrid organisations are defined by Doherty, Haugh, and Lyon (2014, 418) as ‘structures and practices that allow the co-existence of values and artefacts from two or more categories. These organisations draw on at least two different sectoral paradigms, logics and value systems’. In the case of SEs, hybridity occurs as they span the institutional boundaries that characterise private, public and third sectors (Jay 2013; Pache and Santos 2010). Previous studies suggest hybrid organisations experience competing pressure due to their exposure to pluralistic institutional domains (Billis 2010; Mair, Mayer, and Lutz 2015; Pestoff [1998] 2005) including the state, market, civil society and international donors (e.g. Kerlin 2010). Institutional plurality can exist in SEs due to their duality in multiple functional domains for achieving both social and economic goals (Michaud 2013; Santos, Pache, and Birkholz 2015; Smith and Lewis 2011).

Against the above background, the current paper adopts a multi-staged and multi-level design. Research papers focusing on both institutional and strategic management views suggest that the dependence on external sources of support can pressurise the organisations to be responsive towards the demands stemming from influential resource providing institutions (e.g. Oliver 1991; Wry, Cobb, and Aldrich 2013). This act could be even more complex for hybrid organisations with experiencing competing demands from public, private and third sectors (cf. Pache and Santos 2010; 2013). Management of tensions in SEs, involves first, consideration of this complex relationship between multiple institutions and agency and then delivery of multi-faceted yet coherent strategic directions – both at strategic level and functional level (cf. Saebi, Foss, and Linder 2019). Thus, it is a multi-staged and multi-level phenomenon, a perspective that is largely missing in existing research (e.g. Bres, Raufflet, and Boghossian 2018; Ismail and Johnson 2019; Siegner, Pinkse, and Panwar 2018). The studies focusing on single level of analysis not only misrepresents the phenomenon but also risks foregoing the opportunities for advancing knowledge by taking more levels into account (Saebi, Foss, and Linder 2019). Therefore, this paper is multi-staged because it first, examines the nature of internal managerial tensions in hybrid SEs due to co-existence of social and economic values and external influences from pluralistic institutional domains. Second, it explores the strategic directions adopted by the SEs to respond to varied forms of tensions. The paper also considers multi-levels as it investigates the phenomenon at a macro (i.e. the interplay of institutional environment and agency), meso (i.e. overall corporate level strategic paths) and micro (i.e. mobilisation of resources and capabilities at functional level) levels (cf. Saebi, Foss, and Linder 2019).

Besharov and Smith (2014) argue that institutional logics within hybrid organisations can be ‘nested’, ‘intertwined’ and ‘heterogonous’. Combining these logics might expose social enterprises to conflicting demands from their environment and can create tensions internally because satisfying institutional demands from one side might require violating others (Pache and Santos 2010). Smith and Lewis (2011, 382) define tension as a situation when acceptance of ‘contradictory yet interrelated elements that exist simultaneously and persist over time’ becomes necessary for achieving organisational goals. Drawing upon the paradox theory, Smith and Lewis (2011) proposed four tension categories prevalent in organisations: performing, organising, belonging and learning. Later, Smith, Gonin, and Besharov (2013) conceptualised these tensions in

hybrid SE context. There are few other examples of studies drawing upon paradox theory to examine hybrid organisational tensions yet having different analytical lenses, for example, Civera et al. (2020) draw upon mission drift, Agarwal et al. (2020) draw upon the concept of Jugaad in India, and McMullen and Bergman (2017) use paradox theory. Whilst making valuable contributions, these studies only focus on internal tensions that hybrid organisations face in maintaining their dual goals. These papers limitedly capture other managerial and operational tensions that may arise in such organisations in achieving legitimacy from multiple stakeholders. Our paper examines different forms of internal tensions that may prevail in different types of SEs in Bangladesh and more importantly, our study adopts a multi-stakeholder perspective.

The allocation of limited resources in order to pursue multiple goals and gain legitimacy from different institutional actors could be a significant strategic act for SE managers (Doherty, Haugh, and Lyon 2014). Despite some recent exciting attempts, the current scholarship only identifies SEs responses to internal tensions at a strategic level (Ismail and Johnson 2019; Nielsen, Lueg, and van Liempd 2019; Siegner, Pinkse, and Panwar 2018). There is still a lack of micro-level empirical analysis on how SEs mobilise their resources and capabilities at a functional level in order to respond to these tensions (Doherty, Haugh, and Lyon 2014). To this end, this paper examines how Bangladeshi SEs mobilise resources and capabilities in order to manage internal tensions resulting from their need to combine multiple goals – social and economic – that emanate from divergent institutional logics.

The social sector in Bangladesh is one of the most sophisticated national development networks in the world (Devine 2003; White, 1999, 308). Since the independence of Bangladesh in 1971, the number of NGOs in Bangladesh has increased from 40 to 25,000 (NGOAB 2023). The institutional environment in which SEs are embedded in Bangladesh has undergone several phases of change and reform, which have shaped the patterns of growth and the process of institutionalisation, bureaucratisation and professionalisation (Feldman 2003; Mohiuddin et al. 2014). The social sector in Bangladesh has transformed from foreign donor dependent, anti-government oriented approach, to partnership oriented approach with government, to business oriented approach (Zohir 2004). Thus, their relationship with multiple stakeholders has changed over the period, along with the institutional logics that they needed to consider. For this reason, Bangladeshi social sector provides a fertile context for examining the study phenomenon.

The paper is structured as follows. The first section 'Introduction' presents the conceptual underpinnings of the study based on literature review. The second section 'Conceptual background' discusses the study methodology. The results from data analysis are presented in the fourth section 'Results: Tensions and SE's response to those'. The final section 'Discussions and Conclusions' discusses the key findings in relation to existing literature and highlights the theoretical and practical contributions of the study.

Conceptual Background

Social Enterprises in Pluralist Institutional Setting

Friedland and Alford (1991) introduced the notion of mixed institutional logics and proposed that organisations are embedded in multiple institutions, including the

regulatory, social and market environments. Institutions are defined by Scott (1995, 47) as: 'institutions are comprised of regulative, normative and cultural-cognitive elements that, together with the associated activities and resources, provide stability and meaning to social life'. Logics establish 'the rules of the game' at the societal level, which shape beliefs and behaviour within organisations. Individually, institutional logics are internally consistent and offer coherent prescriptions for action. In combination, however, multiple logics present varied and often incompatible prescriptions, leading to uncertainty, contestation, and conflict (Greenwood et al. 2010; Pache and Santos 2013).

Different institutional environments may impose different logics on organisations. Institutional actors consider these logics as a pre-condition to provide legitimacy and access to resources, yet different logics are often not compatible. The process of enacting these logics inside organisations can be complex, increasing the difficulty of formulating organisational responses. Organisations are faced with multiple factors (such as the goals and priorities of the resource provider) which influence the degree to which they are able to separate or reconcile the competing logics (Greenwood et al. 2010).

Being hybrid organisations, SEs are embedded in a pluralistic institutional environment and are more prone to competing logics than, say, more purely private or public sector organisations (Battilana and Lee 2014; Doherty, Haugh, and Lyon 2014; Pache and Santos 2013). SEs have dual bottom lines and so are caught between social welfare logic (altruistic goals) and market logic (financial goals) (Battilana and Dorado 2010; Battilana and Lee 2014). The dilemma is not limited to enacting social and market logics, but can take other forms. For instance, SEs can be involved in public-private partnerships or receiving grants from the government (Jay 2013), meaning that they may need to incorporate elements from state, market and civil society logics (Ridley-Duff and Bull 2011).

The theoretical building blocks for studying the interplay between institutions and organisations were developed thirty years ago with the emergence of the neo-institutional perspective (DiMaggio and Powell 1983). A series of seminal papers (e.g. DiMaggio and Powell 1983; Meyer and Rowan 1977; Tolbert and Zucker 1983) theorised that organisations in a given industry or sector face similar legitimacy pressures, and thus may become isomorphic (i.e. more similar) to one another over time. DiMaggio and Powell (1983) identify three types of institutional pressures resulting in three categories of isomorphism: coercive, mimetic and normative. Coercive isomorphism is observed when organisations increasingly become homogenous as they seek to comply with the expectations of other organisations and also societal pressures. Mimetic isomorphism occurs when organisations in a given sector imitate others in response to uncertainty. Normative isomorphism reflects the process of homogenisation arising from the influence of professional standards and their adaptation of other network pressures such as, those emanating from business associations, and social networks. This notion of isomorphism constituted the main focus of early works adopting a neo-institutional view.

Later, DiMaggio (1988, 657) proposed that 'organised actors in a given institutional setting leverage resources to create new institutions or transform existing ones'. In

line with this thinking, Nicholls (2010) theorised that to achieve legitimacy a SE may engage in negotiating its 'own discourses' and 'narrative logics' with regulatory and social institutions. Nicholls (2010) coined the concept 'reflexive isomorphism' (617) that is contrasting with the other three forms of isomorphism identified by DiMaggio and Powell (1983) and in similar vein to DiMaggio (1988). He emphasised the role of agency in influencing and potentially causing change to regulatory and social institutions. He proposes that, '... dominant SEs can shape the legitimacy of an emergent field to reflect their own institutional logics and norms. Reflexive isomorphism represents a legitimating strategy in which SEs actively engage in processes that align field-level and internal logics to shape emergent institutional fields as closed systems of self-legitimization' (623).

Yet other forms of organisational responses identified by previous studies involve decoupling (Meyer and Rowan 1977), compromise (Oliver 1991) and strategic logic combination (Greenwood et al. 2010). Decoupling refers to instances in which 'organisations conform closely to the meaning and categories ritually defined by the environment, but do not attempt to seriously implement them at the operational level' (Scott 2003, 85). Decoupling allows organisations to symbolically endorse the demands prescribed by one institution while actually implementing the practices of another (often one that is closely aligned with organisational goals) (Meyer and Rowan 1977). Compromise refers to situations where organisations enact institutional prescriptions in a slightly altered form in order to maintain an acceptable balance between competing logics (Oliver 1991). Thus, organisations can comply with the minimum standards and avoid the risk of losing endorsement, being able to bargain/lobby institutions and influence them to alter their demands (Scott 1987). A number of recent studies find that organisations can strategically combine logics to comply with institutional demands (Greenwood et al. 2008, 2010). This response entails purposeful and honest enactment of practices that are congruent with organisational goals or are imposed by influential institutions. For other logics they can symbolically adopt practices or involve negotiations with institutions. Pache and Santos (2013) have identified application of these response strategies among four work integration SEs and used an umbrella term 'strategic isomorphism' to refer to these strategies. Therefore, it is possible that hybrid SEs can strategically apply various configurations to respond to different types of tensions.

SE Tensions and Their Management

As discussed before, at the root of hybridity lies tensions, or issues that are seemingly contradictory and difficult to resolve (Ismail and Johnson 2019). Within the SE, tensions may be exhibited through organisational identities (Jager and Schroer 2014), allocation and scaling of resources (Lyon and Fernandez 2012), market positioning (Doherty, Haugh, and Lyon 2014), hiring and socialisation (Battilana and Dorado 2010), and stakeholder management (Austin, Stevenson, and Wei-Skillern 2006). Smith, Gonin, and Besharov (2013) analyse how these tensions manifest in SEs and categorise these tensions as performing, organising, belonging, and learning. Performing tensions emerge from divergent outcomes, such as the degree of accomplishment of dual

goals and the efficiency in management of multiple stakeholders' demands. Organising tensions emerge from divergent internal dynamics including management of structures, cultures, practices, and processes in order to adhere to SE's dual mission and to respond to multiple institutional logics. The need to integrate divergent identities among subgroups, and between subgroups and the organisation creates belonging tensions in SEs. Finally, learning tensions emerge from the association of multiple time horizons, whereby SEs strive for growth, scale, and flexibility over the long term, while also seeking stability and certainty in the short term (Smith and Lewis 2011).

When translated into a micro-level, management of tensions can have significant implications for the practical development of functional resources and capabilities (Doherty, Haugh, and Lyon 2014). While resources refer to the tangible and intangible assets of an organisation, capabilities are the means of 'creating' those assets through practical skills, experiences and learning (Foss 2012). Barney (1991) suggests that enterprises are able to offer value by creating internal resources that are valuable, rare, and costly to imitate and have organisational embeddedness. In line with the resource-based view (RBV) (Barney 1991), an enterprise's growth depends on both its internal resource endowment (Hoffman 2000) and its ability to acquire resources from external sources. Another strand of literature takes the scope of the RBV beyond the focus on internal and external resources, to encompass skills and learning that are more deeply engraved, namely the capabilities-based view (Ray, Barney, and Muhanna 2004).

Doherty, Haugh, and Lyon (2014) have highlighted two types of resources that they consider critical for SE growth: financial (Austin, Stevenson, and Wei-Skillern 2006; Sunley and Pinch 2012) and human (Austin, Stevenson, and Wei-Skillern 2006; Royce 2007). While both human and financial resources are required for success, SEs are often faced with constraints in the acquisition of these due to their hybridity (Austin, Stevenson, and Wei-Skillern 2006). For instance, a viable solution to acquire these resources could be a collaboration with a private or public organisation. However, a powerful alliance partner may prioritise the commercial goals undermining the expectations of the society, which can potentially harm SEs' social objectives (Lee 2014). Therefore, the tension comes from the urge to maintain financial equilibrium through an appropriate combination of income sources and minimising the possibility of internal or external stakeholders undermining the social mission.

Research has found that SEs require a number of capabilities to respond to various players and forces in the external environment (Bloom and Smith 2010), while their internal growth strategy can also influence the required capabilities (Lyon and Fernandez 2012). Bloom and Smith (2010) list a number of capabilities seen as important to help SEs increase their social impacts, including staffing, communicating, alliance building, lobbying, earning generation, replicating, and stimulating market forces. In addition, other studies have identified the key roles played by marketing and branding (Doherty et al. 2009) and networking skills (Lyon and Fernandez 2012). Learning is identified as an important capability for SEs in Bull and Crompton (2006), Bull (2008) and Todres et al. (2006), also the capabilities needed to innovate and to identify and utilise opportunities at local and national scales (Gawell 2013; Verreyne, Miles, and Harris 2013; Vickers et al. 2014; Zahra et al. 2009).

Linzalone and Lerro (2014) find that business oriented capabilities are often regarded as 'less important' in SEs. Developing business oriented capabilities requires different ways of thinking, acting and operating that can cause tensions in a SE. For instance, conventional businesses focus on financial management as the foremost management tool, rather than the management of social purpose and mission (Anheier 2000). However, developing capabilities for a SE, therefore, needs to be seen as a dynamic process requiring strategic reflection and analysis of ongoing social impacts along with financial returns (Bull and Crompton 2006). While previous research has identified a list of resources and capabilities required for SE growth, there is still less understanding on how these are acquired within pluralist institutional setting and mobilised in order to resolve managerial tensions (Doherty, Haugh, and Lyon 2014).

Therefore, the allocation of limited resources in order to pursue multiple goals and gain legitimacy from different institutional actors could be a significant strategic act for SE managers (Battilana and Lee 2014). Despite some recent exciting attempts (e.g. Doherty, Haugh, and Lyon 2014; Hockerts 2015; Santos, Pache, and Birkholz 2015), the current scholarship does not yet fully capture the nature of SEs' strategic responses to their internal tensions. There is still a lack of micro-level empirical analysis of how SEs respond to multiple institutional influences that they may experience in the process of pursuing their dual bottom lines (Doherty, Haugh, and Lyon 2014). By placing hybridity at the centre of analysis, this paper seeks to extend this understanding mainly in two ways. First, it examines what type of managerial tensions may result in hybrid SEs due to co-existence of values and influences from pluralistic institutional domains. Second, it explores how such organisations mobilise resources and capabilities to respond to internal tensions.

Institutional Environment in Bangladesh and SE Tensions

Institutional logics can vary across different macro-institutional settings (Murr and Carrera 2022). As a result, the logics and subsequent internal tensions faced by Bangladeshi social enterprises are likely to be different than those experienced by SEs in different context. Previous literature on Bangladeshi social sector suggest that the NGO movement in Bangladesh is strongly associated with the responses to a series of major incidents including the cyclone in 1970, the liberation war in 1971 and the famine in 1974. During these incidents NGOs contributed significantly as partners of the government in relief and rehabilitation activities. An important transition occurred between 1978 and 1980, when NGOs shifted their focus from relief and rehabilitation to social transformation aims. They started questioning the problems seen as more 'socially embedded' (cf. Zukin and DiMaggio 1990), notably gender inequality, and the highly uneven distribution of resources and wealth (Kabeer, Mahmud, and Castro 2012; Zohir 2004). During this time, NGOs' efforts to promote themselves as an alternative force for stimulating economic change and social justice, and their heavy dependency on foreign aid, have resulted in them being perceived as anti-government and a threat to state-directed developmental activities. This growing perception amongst those in power has contributed to a worsening relationship between NGOs and the

state. NGO-state relational tensions led to a less cooperative stance on the part of the government and public support institutions towards the SE sector (Lewis 2011).

There is evidence to suggest that conflictual relations with the state have significantly restricted the growth of the NGO sector since late 1980 (e.g. Buse 1999; Matin and Taher 2001). Many projects have been cancelled, new proposals not approved, increased bureaucratic constraints imposed by the state, the registrations of many existing NGOs have been cancelled, and there has been increased scepticism on the part of the government towards the utilisation of foreign funds. In attempting to overcome these institutional challenges, most NGOs started to shift away from projects and services that could be perceived as critical of the policies of the military government (Matin and Taher 2001). There was thus a shift away from activities focused on social mobilisations to supporting the government by adopting a narrower approach focused on implementing state sanctioned developmental projects (Hasnain 2013).

In 1990, General Ershad's government was toppled as a result of a public protest movement led by the coalition of the Bangladesh Awami League and the Bangladesh Nationalist Party, the two main opposition parties. After the fall of the military government, the whole country went through a period of dramatic change, with many new projects and initiatives being undertaken by the newly elected government to foster economic development. It was during this time that NGOs and social organisations experienced greater freedom and levels of cooperation from policy makers, with the government recognising the need to enroll NGOs, social organisations and civil society in support of economic growth (Tasnim 2014). Therefore, many of the large first generation NGOs, such as BRAC, Proshika and Gono Shasthya, were no longer treated by the government and the elites as a threat to national projects, but rather as central players in carrying forward state vision. (Arifeen et al. 2013).

In order to leverage the partnership between NGOs and the state in 1990, the newly elected government established an NGO Affairs Bureau (NGOAB) to operate directly under the Prime Minister's Office. NGOAB is responsible for monitoring the activities of NGOs, ensuring the proper utilisation of foreign funds, and supporting their growth and contribution to the country's economy. The legal framework and rigorous accountability requirements of the state has served to increase the transparency of NGO activities and enhanced professionalism in their approach (Chowdhury et al. 2013).

The current government outlined a comprehensive economic plan titled 'Vision 2021' in its election manifesto in 2008 and a group of NGOs are now regarded as important partners in the achievement of this vision. Vision 2021 aims to transfer Bangladesh into a middle income country where poverty will be drastically reduced, citizens will be able to meet every basic need and developments in support of these aims will be fast tracked. The government has particularly focused on increasing rates of inclusive economic growth in order to successfully implement these visions (BOI Bangladesh 2015). Government support is made available to those NGOs who are seen as contributing most to the Vision 2021 pathways (Chowdhury et al. 2013; NGOAB 2011). Therefore, NGOs are increasingly participating in projects in partnership with government, with health and education being the main sectors where most partnership projects are in progress (NGOAB 2011).

Despite some examples of NGO-government partnership, the Bangladeshi SE sector has remained largely dependent on a range of western/international bilateral and multilateral donors. NGOs are also been criticised by some for being overly influenced by donor policies and implementing a western-dominated developmental discourse (Shiffman and Wu 2003). For instance, the concept of micro-credit and entrepreneurship emerged in the early 1980s when there was a trend towards the privatisation of welfare. Donors shifted focus from projects underpinned by a more collective and interventionist approach that addressed inequality and development needs to one that favoured market-oriented micro-finance projects, where the latter emphasise individual rather than collective mechanisms of change (Yunus 2003). Accordingly, since the early 1990s there has been a rapid growth of micro-financing institutes (MFI) (Feldman 2003).

During late 2000s, shrinking funds from donors exerted financial pressures on NGOs, which have encouraged them to seek alternative models to address social problems. There has been a movement to integrate conventional business elements to the operations of NGOs. Social campaigners, such as Sir Fazle Hasan Abed of BRAC and Professor Yunus of Grameen, as setting examples for NGOs of how to approach social problems with more creative, unconventional and sustainable approaches, including the integration of conventional business models. (Sardana 2013; Yunus, Moingeon, and Lehmann-Ortega 2010). The integration of a more business oriented approach has enabled large NGOs, such as Grameen and BRAC, to move away from donor dependency and adopt a more self-sustainable model, setting an example for other NGOs and SEs (Yunus 2011). A growing number of NGOs then chosen a pragmatic path: adopting a less 'political' approach in order to avoid antagonising the government and/or jeopardising their relationships with the donors. At the same time, with increasing competition around funding sources, many existing NGOs had started their own income generating activities (Sardana 2013).

Study Design

The study adopted a qualitative multiple case study approach. The 'organisation' is set as the unit of analysis in this study. In order to select a variety of cases, the paper draws upon Lyon and Faruq (2018) who identify six types of SEs (An overview of these SE types is presented in Table 1) prevalent in Bangladesh based on their balance of social and commercial aims (Dees 1998) and their mode of governance and ownership structures (Teasdale 2010). Nine cases are considered for this study. At least one case from each of the six categories is selected purposefully in order to examine the different nature of their interaction with a wide range of institutional actors.

Data was collected through face-to-face interviews and documentary analysis. Twenty one-hour semi-structured interviews were conducted involving SE leaders/managers, government officers, officers from support institutions, and donors. The interview guide for the semi-structured interviews in this study included four main sections: A. Origin, aim and objectives; B. Opportunities for growing the organisation/ How they are seeking to grow; C. Challenges and support needs; D. Internal governance; and E. Recommendations. All of these sections comprised open-ended and some

Table 1. Overview of the studied SEs.

Type	Case	Social mission	Economic project	Governance structure	Income source
Fully grant dependent NGOs	Bangladesh Protibondhi Foundation (BPF) (1984)	Advocate equal rights for children and adults with disabilities	Health care and rehabilitation support for disabled children and families	NGO under NGOAB Family-owned NGO Board of Trustees Beneficiaries not involved in board and decision making Administrative unit led by Executive Director & CEO.	Donations (95%) from private corporations, NGOs and government; service fee (4%); trading of handicrafts made by disabled children (1%).
NGOs with a trading element	Quasem Foundation-Mariam Eye Hospital (QF) (1994)	Support less affluent people of the rural north with affordable eye care treatment	Provide health care services	NGO under NGOAB Family-owned NGO Board of Directors Beneficiaries not involved in board and decision making Functional team headed by Managing Director	Donations from private corporations, NGOs and government (85%); service fee from patients (15%).
NGOs with full reliance on trading	Phulki (1991)	Support socio-economic conditions development of disadvantaged people by promoting women and child rights	Providing work based and non-work based child care facilities for poor working mothers	NGO under NGOAB Board of Directors Beneficiaries not involved in governing body but in general body Management team headed by Executive Director	Service fees from factory-based and in-house centres; consultancy of management of day care; donations
NGOs with full reliance on trading	Association for Social Advancement (ASA) (1978)	Address poverty of rural people through microfinance	Primary and special loans	NGO MFH under NGOAB Board of Directors Beneficiaries not involved in board but their advice is sought informally Administrative Body	Service charges (91%); bank interest (4%); membership fees (0.5%); other sources (4%) such as selling of publications and used newspapers, earning through consultancy services
Social business	Panther Social (2011)	Provide sustainable income generating opportunities for under privileged rickshaw pullers	Provide start-up capital to rickshaw pullers for small trade through branding rickshaws Market rickshaw arts made by small local artists	SE under NGOAB Board of Directors. Beneficiaries not involved in board but their advice is sought informally Management team headed by Managing Director	Sale of rickshaw branding service to corporate clients (65%); sale of rickshaw art (30%); membership fees (5%)

(continued)

Table 1. Continued.

Type	Case	Social mission	Economic project	Governance structure	Income source
Private limited company	Hathay Bunano (2004)	Empower women of rural villages by creating sustainable employment opportunities and eradicating poverty	Market hand manufactured quality toys made by rural women	100% Export oriented company under the Company Act Family owned SE Board of Directors Operational team headed by CEO	Trading of toys to conventional retailers and wholesalers in US, European and Australian markets (100%)
NGOs with a subsidiary enterprise	Grameen Intel Social Business Ltd (GISB) (2009)	Solve social problems using affordable information technology services	Providing affordable IT solutions to improve agricultural productivity using cost effective computer software	SE under the Company and ICT Act Board of Directors Management team headed by CEO	Sales of software
	Grameen Telecom Trust (GTT) (2010)	Provide technical and financial assistance to facilitate socioeconomic activities through social business	Sales & distribution of low cost technology products through rural women Manufacture & export impregnated mosquitos to Africa. Market treated water at subsidized rate to arsenic affected areas Market nutritious yogurt at subsidized rate using rural women as sales force	Trust under the Trust Act 1882 Board of Directors Management team led by Managing Director	Sales/export earnings from the distribution of the goods
	Grameen Caledonian College of Nursing (GCCN) (2010)	Develop nursing and midwifery standards through the creation of employment opportunities for potential nurses coming from poor families	Education services	Educational institute under UGC Board of Governors Academic & Administrative Committee	Tuition fees charged to students

Table 2. Data collection details.

Interview details		Organizational documents considered
Total interviews	20 (12 Male, 8 female)	<ul style="list-style-type: none"> • Policy documents collected from NGOAB
SE leaders	11 (7 Male, 4 female)	<ul style="list-style-type: none"> • Publications and records of NGOAB
Employees	6 (3 Male, 3 female)	<ul style="list-style-type: none"> • Publications and records of support institutes
Government officer	1 (Male)	<ul style="list-style-type: none"> • SEs organizational records (i.e. annual reports, leaflets, etc.)
Support institutions	1 (Female)	<ul style="list-style-type: none"> • Media reports (i.e. newspaper articles, videos, etc.)
Donors	2 (1 Male, 1 female)	<ul style="list-style-type: none"> • Interviews of any relevant actors on YouTube • Reports prepared by donors and partners of selected SEs

close-ended questions and digressions into areas that related to the research questions. The list of questions was constantly adapted and modified to explore issues that emerged while interviewing. In a few cases follow-up interviews were conducted to explore issues further.

The profiles of the respondents are presented in [Table 2](#). In addition to these interviews, the beneficiaries of five SEs, ASA, BPF, Phulki and Hathay Bunano, were interviewed as a group. The villagers were more comfortable participating in interviews in a group setting; for this reason, group interviews were conducted in this case. The group interviews lasted for 90-120 minutes and were conducted using a separate semi-structured interview guide developed specifically for beneficiaries.

All of the 20 interviews were fully transcribed. In the second phase, the raw transcripts were then analysed using Nvivo software for the qualitative data analysis. A code guide was developed to conduct a cross-case comparison and the development of the coding followed a combination of inductive and deductive approaches. The first level codes were initially generated from the conceptual framework and literature review. The level 2 codes were inductively developed from the findings emerging from empirical data. The objective of the level 2 coding was to add depth to the categories identified in the level 1 coding. The data inserted under code level two was compared for similarities and differences and then pulled together into categories (Shaw 1999, 66).

At the third stage, the analysis was deepened by associating interpretations to the structure that had emerged from the core categories of data identified in level 1 and 2 codes. Level 3 coding involved a process whereby categories were integrated and refined in order to identify the emerging themes (Sinkovics, Penz, and Ghauri 2008). This stage aided the identification of six operational types of SEs; a number of influencing institutional factors (originating from state, market, society, social sector, donors and family) influencing SEs growth and finally, the various resources and capabilities that SEs had developed and mobilised in the process of responding to institutional influences.

The fourth stage involved the identification of managerial tensions, and related to this, comparisons of the different institutional influences (identified in level 3 coding) were made. A clear understanding of the relationship between different institutional influences was therefore developed and competing influences was identified with respect to each case. Instances of the presence of competing institutional pressures were searched from interviewees' comments. SE's responses to such tensions in terms of mobilising resources and capabilities were also identified from interview data.

These tensions were then compared across the cases. This resulted in the identification of seven tension types found to be evident within and across the cases.

According to Bryman and Bell (2011), qualitative researchers have identified four major factors for determining the quality of such studies: (i) external reliability, (ii) internal reliability, (iii) internal validity, and (iv) external validity. External reliability refers to 'the degree to which a study can be replicated' (Bryman and Bell 2011, 410). The initial conceptual framework, the use of interview guides and a well-developed coding schedule all make this study repeatable by future researchers. The study maintains internal reliability by having two observers/coders. Both the researchers met often to discuss the codes and themes to ensure inter-coder consistency (Bryman and Bell 2011, 410). Moreover, triangulation of multiple sources allowed the study to cross-check any findings derived. The study also has internal validity as its pre-determined conceptual framework, substantive review of existing theories, and constant effort to compare data with relevant theories have developed researcher's knowledge about existing theories, in-depth understanding of the study phenomenon, and underlying theories that can explain the relationship identified from the data analysis, thus establishing the internal validity of the study. Finally, external validity is achieved when the findings of the study can be generalised to other SEs; and in the case of this paper, it was acquired by analysing multiple cases having different characteristics in the Bangladesh social economy. Therefore, the data analysis process has helped to achieve a deep understanding of the research phenomenon. Furthermore, the selection of multiple cases, use of a pre-determined conceptual framework, and relevant links to existing theories have contributed to the robustness and quality of the research.

The study also involved analysis of relevant documentary sources, including organisational documents, media reports, publications by the government, and donors. We have analysed 17 documents using Nvivo. The analysis of the documents involved reading through these thoroughly and identifying relevant information to support the data collected from interview, such as, examples, numeric figures and financial statements. The documents with a soft copy were uploaded on Nvivo for conducting the analysis in a structured manner. Those in print form were included in the Nvivo analysis by manually inserting notes and memos. The use of a multiple-methods approach allowed triangulation to take place, which enabled integration and comparison of the findings from different sources and issues that might otherwise have remained hidden from the researcher.

Results: Tensions and SE's Response to Those

The data analysis alludes to seven forms of tensions in SEs, among which three emerged from the data and the rest confirmed the ones identified in Smith, Gonin, and Besharov (2013). These are, (i) legitimacy tensions; (ii) multiple ideology tensions; (iii) collaboration tensions; (iv) belonging tensions; (v) learning tensions; (vi) performing tensions; and (vii) organising tensions (Table 3). All the studied SEs experienced these tensions in managing relationship with multiple institutional actors (i.e. the state, market, society, industry and third sector) and in embedding pluralistic logics in their internal goals/tasks/projects. SEs were found to be applying various strategies to

Table 3. SE tensions and their management.

Tension type and definition	Examples from cases	Institutional influences from cases	Implication for resources and capabilities	Mobilization of resources and capabilities	Response strategy
Legitimacy tension Managerial tension that emerges from the need to fit to the expectations from multiple external institutional actors in order to get access to their resources and supports (From data)	Maintaining apolitical image while achieving political legitimacy Case: BPF	Party political sphere: Political resentment between parties Political legitimacy: Legitimacy from local political leaders is important for accessing resources and support	Social capital: Need to maintain positive relations with both political parties	Communicating (Bloom and Smith 2010): Maintain an apolitical image in external and internal communications Formal memo circulation among the employees and parents urging avoidance of any sort of political discussion and bullying based on political inclination Gained cooperation from local leaders by involving them in the project	Adapt Making adjustments in the demands or practices put forward by an institutional actor in order craft SE's response suit their particular situation/goal (conceptualized as 'compromise' in Oliver (1991))
	Maintaining an independent status while avoiding conflict with government Cases: GCCN, GTT and GISB	Party political sphere: Tension between the government and Professor Yunus	Financial resources: Lack of support from the state	Alteration (from data): GCCN: Registered as a Higher Educational Institute under UGC GTT: Registered as Private Commercial Association/Trust under the Commerce Ministry GI: Registered as an IT firm under the Private Company Act Internal synergistic alliance (from data): GCCN: Grameen Microfinance & Grameen Eye Care Hospital GTT: Yunus Centre GI: Grameen Yukuguni Maitaki Ltd.	Side stepping Completely avoiding a particular institutional demand by choosing an alternative path to achieve the goals and thereby seeking support from another institutional domain (from data)

(continued)

Table 3. Continued.

Tension type and definition	Examples from cases	Institutional influences from cases	Implication for resources and capabilities	Mobilization of resources and capabilities	Response strategy
<p>Multiple ideology tensions Managerial tension that emerges due to the conflict in beliefs/norms among two or more institutional actors involved with SEs for accomplishment of specific goal/task/project (From data)</p>	<p>Respecting traditional norms and custom while meeting donors' expectations Case: BPF</p>	<p>Hierarchy and gender roles: Conservatism about female's role in income generation Donors' work culture Donors strictly ask for project designed to empower women</p>	<p>Knowledge resources: Needed to develop learning on traditional customs and ways to align those with projects</p>	<p>External alliance building (Bloom and Smith 2010): GCCN: Glasgow Caledonian University GTT: Danone Group, France, Green Children Foundation, USA, Veolia Water, France, BASF, Germany GI: Intel Corporation, USA & e-Kutir, India</p>	<p>Influence and (finally) adapt Influence: taking initiatives to influence the institutional actors and changing the norms and practices of respective institutions into their favour. (conceptualized as 'reflexive isomorphism' in Nicholls (2010))</p>
<p>Attaining organisational goal while respecting the conservatism in society Case: Hathay Bunano</p>	<p>Religious values: Restriction against female employment Hierarchy and gender role: Social believe that males are superior and should earn more than females Social exclusion and fairness: Paying fair wages to workers</p>	<p>Human resources: Convincing husbands to let their wives work</p>	<p>Innovation (Vickers et al. 2014): Adapted the project plan according to social tradition in order to increase legitimacy Smith 2010): Persuaded husbands through home visits to allow their wives to work Allowed flexible work schedule such that wives can support their husbands during crop harvesting time Relationship building (from data): Selected one of the villagers as a supervisor to make home</p>	<p>Adapt See definition above</p>	<p>Adapt See definition above</p>

(continued)

Table 3. Continued.

Tension type and definition	Examples from cases	Institutional influences from cases	Implication for resources and capabilities	Mobilization of resources and capabilities	Response strategy
<p>Collaboration tensions</p> <p>Managerial tension that emerges due to lack of general agreement or unity between members of a group. (From data)</p>	<p>Convincing two groups of peer organisations to agree to same goal</p> <p>Case: ASA</p>	<p>Customised regulation: Absence of customised regulations to govern MFIs</p> <p>Confusion regarding the authority responsible for monitoring MFIs</p> <p>Peer organisation behaviour:</p> <p>Small MFIs are resistant to change</p> <p>Large MFIs are reluctant to support the small ones to implement regulatory changes</p>	<p>Professional Skills: Absence of a customised law results in a lack of transparency, accountability and professionalism</p>	<p>visits and build rapport with husbands</p> <p>Used husbands as distribution support</p> <p>Human resource management (Doherty, Haugh, and Lyon 2014):</p> <p>Adapted working conditions, including child care, allowing ethnic attire in the workplace and a change in salary structure</p> <p>Networking (Lyon and Fernandez 2012):</p> <p>Created good relationships with local community and leaders</p>	<p>Influence</p> <p>See definition above</p>
				<p>Networking (Lyon and Fernandez 2012):</p> <p>ASA, along with other influential MFIs, formed an association (AMFI) to network with other MFIs</p> <p>Lobbying (Bloom and Smith 2010) :</p> <p>AMFI lobbied the government for the introduction of a new customised MFI Act</p> <p>Communicating (Bloom and Smith 2010):</p> <p>ASA and AMFI held joint seminars, meetings and research projects to communicate to peer MFIs the benefits of legal change</p> <p>Persuaded large MFIs to</p>	

(continued)

Table 3. Continued.

Tension type and definition	Examples from cases	Institutional influences from cases	Implication for resources and capabilities	Mobilization of resources and capabilities	Response strategy
Belonging tensions Tensions that emerge from divergent identities among	Persuading donors to agree with government requirements Case: BPF	State regulations: Strict regulations for NGOs; Increased monitoring and enforcement from government; Enhanced need for documentation Donors' work culture: Donors' work culture is more efficient;	Financial resources: Increased time and documentation needed for fund approval and release Human resources: Employees initially lacked professional skills	support small ones to develop skills needed Learning (Bull and Crompton 2006): Developed appropriate skills to integrate with new regulatory requirements through external links Learning (Bull and Crompton 2006): Trained existing employees on record keeping, report writing, project planning and measuring the social impact Alliance building (Bloom and Smith 2010): Sought training support from Save the Children and UNICEF; Hired external auditor Staffing (Bloom and Smith 2010): Recruited experienced chartered accountant Communicating (Bloom and Smith 2010): Informed donors about new state procedures and SEs obligations towards them Highlighted the positive changes followed by the regulatory compliance Networking (Lyon and Fernandez 2012): Used political networks to	Forced adoption Coercive compliance with particular regulations and/or practices imposed by different institutions, complying with which is essential for the survival and legitimacy of the organisation. (conceptualized as 'coercive isomorphism' in DiMaggio and Powell (1983))
	Communicating multiple identity to different	Customised regulation: Absence of customised regulation for social	Financial resources: Registration under the Private Company Act		Side stepping See definition above

(continued)

Table 3. Continued.

Tension type and definition	Examples from cases	Institutional influences from cases	Implication for resources and capabilities	Mobilization of resources and capabilities	Response strategy
subgroups, and between subgroups and the organization (Smith, Gonin, and Besharov 2013)	stakeholders Case: Panther Social	business Level of understanding of social business by regulator (NGOAB)	requires them to pay tax as a private/commercial enterprise & prevents them seeking donations & grants. Human resources: Confusion among employees and external stakeholders about the identity of the organisation Employees required to pay income tax at rate same as private firms	expedite the registration process held by the NGOAB Alteration (from data): Withdrew application from NGOAB and registered as a private company Revised the salary scale of employees and designed salary package paying more than conventional NGOs Communication (Bloom and Smith 2010): Crafted appropriate communication strategy to reflect multiple organisational identities to different stakeholders Earning generation (Bloom and Smith 2010): Started a new commercial eye hospital in the capital city to generate revenue to support their rural subsidized projects Alliance building (Bloom and Smith 2010): Partnership with Sightsavers who sent a team of Eye Surgeons (free) to operate patients Innovation (Vickers et al. 2014): Introduced mobile eye clinic to reach marginally poor and remote areas Relationship building (from data): Building long-term	Adapt See definition above
Performing tensions Tensions that emerge from divergent outcomes—such as goals, metrics, and stakeholders (Smith, Gonin, and Besharov 2013)	Balancing social and economic goals Case: Quashem Foundation	Donors' policy: Reduced funding from donors Consumers' ability: Increasing poverty in Northern parts of Bangladesh State policy: Vision 2020 encourages contributions by NGOs in the healthcare sector	Financial resources: Increased pressure to maintain financial sustainability and generate more revenue		Adapt

(continued)

Table 3. Continued.

Tension type and definition	Examples from cases	Institutional influences from cases	Implication for resources and capabilities	Mobilization of resources and capabilities	Response strategy
<p>Learning tensions Tensions of growth, scale, and change that emerge from divergent time horizons (Smith, Goin, and Besharov 2013)</p>	<p>Fulfilling social obligations while protecting knowledge resources Case: Phulki</p>	<p>Requirements/standards imposed by market actors: Garment firms increasingly introducing day care centres to comply with buyers' codes Competitive logics: Protecting core know-how</p>	<p>Knowledge resources: Need to transfer know-how to other organisations in order to benefit an increasing number of working women</p>	<p>relationships with donors to ensure certainty of continual support Replicating (Bloom and Smith 2010): Trained a few other organisations outside Dhaka city and transferred the key know-how of managing such NGOs Earning generation (Bloom and Smith 2010): The replication was conducted as a test: as Phulki plans to franchise its model in return for a franchising fee in order to see a return while also increasing social benefits</p>	<p>Proactive adoption See definition above</p>
<p>Organising tensions Tensions that emerge from divergent internal dynamics—such as structures, cultures, practices, and processes (Smith, Goin, and Besharov 2013)</p>	<p>Hiring disadvantaged employees while developing business-like skills Case: Hathay Bunano</p>	<p>Customised regulation: Absence of customised regulation Competitive logics: Competition from low cost toy producers Social exclusion and fairness: Paying fair wages to workers</p>	<p>Financial resources: Constrain on working capital Human resources: Limited business-like skills among workforce</p>	<p>Alteration (from data): Currently registered as a 100% export oriented firm, although was registered as an NGO until 2010 Alliance building (Bloom and Smith 2010): Partnership with MNEs and external consultants for training support Learning (Bull and Crompton 2006): Making commercially appealing toys Managing production and IT system efficiently</p>	<p>Adapt See definition above</p>

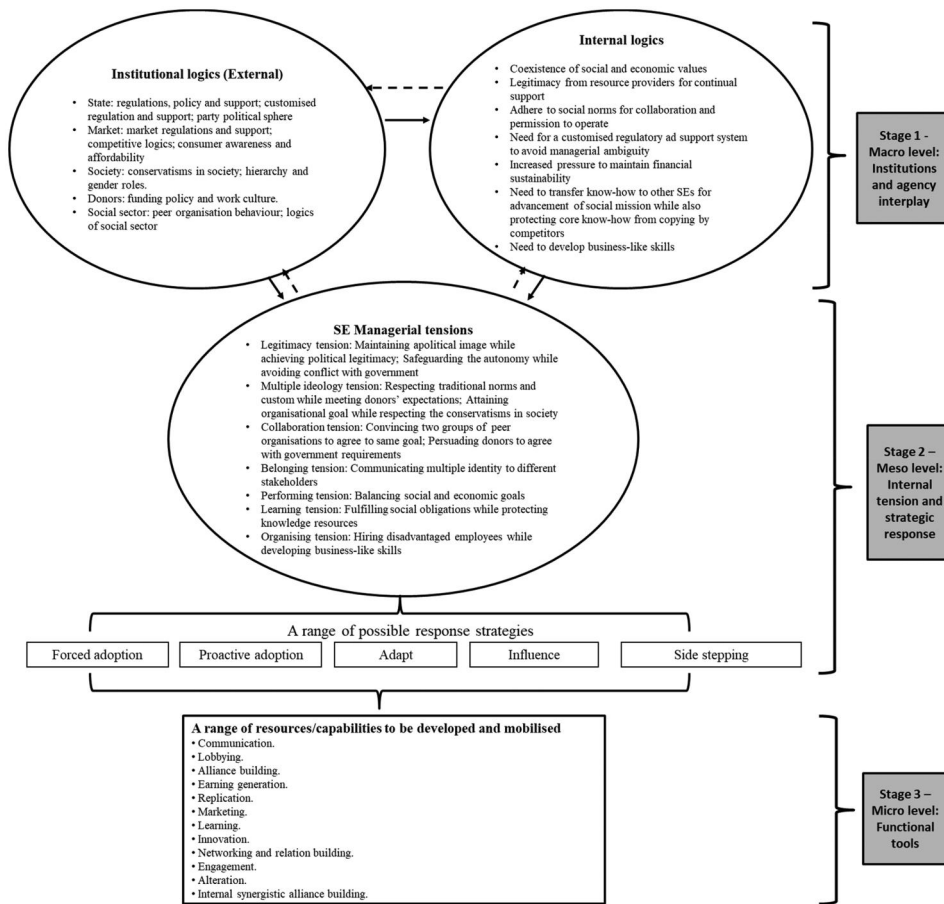


Figure 1. Institutional logics, SE tensions and their management.

respond to these different institutional influences in order to resolve or minimise tensions. At a strategic level, SEs employed five responses: (i) forced adoption, (ii) proactive adoption, (iii) adapt, (iv) influence, (v) avoid or side-stepping. At the functional level, SEs were found to have developed and applied a range of capabilities to implement their chosen strategic responses (Figure 1). Although all the SEs experienced all the above tensions, we highlight, in the following sections, few examples from specific cases to demonstrate why these tensions were created and how the example SEs have responded to those at a strategic and functional levels.

Legitimacy Tension

Example 1: Maintaining an Apolitical Image while Achieving Political Legitimacy (BPF)

The analysis shows that BPF sought to avoid any direct or indirect involvement in the party political sphere. There were evidence of a tension caused by the relationship between the two main political parties in Bangladesh. In this respect, BPF's Executive Director highlighted that an affiliation with a particular political party could create

antagonistic relationships with the opposite party and thus place the organisation in jeopardy when the government changed. Therefore, the organisation has avoided becoming over-involved in party politics. However, achieving legitimacy from government was important to get access to state resources. For instance, the Executive Director highlighted that the government pays the salaries of 10 BPF employees since 2000, which has resulted in increased interactions and a stronger exchange relationship between BPF and the government.

As a result, while there was a need to maintain a politically neutral image, there was also a necessity to maintain a positive relationship with the government. Thus, BPF explicitly chose to maintain an apolitical image in its external and internal communications. For instance, the researcher was shown an internal memo that directed the employees and the parents of disabled children to avoid any sort of political discussion and bullying based on individuals political inclination. In their external communication, the board members avoid expression of political viewpoints in public and endorsement of any political party, although they accept invitations to any seminars and meetings organised by government.

At the same time, the Executive Director pointed out the importance of legitimacy and support from local political representatives in order to smoothly operate BPF's rural centres. Hence, she remarked that BPF often invites local leaders as a spokespersons for awareness creation. The local representatives are consulted before the start of any new project and are also encouraged to get involved through providing financial and logistic support.

The data analysis, therefore, shows that BPF has achieved legitimacy from all the political parties by maintaining relationships through social interactions and participation, while avoiding showing any politically biased image in public or even internally. They persuaded local political leaders by encouraging them to engagement with and support their rural projects. It is therefore evident that BPF has *adapted* its response in order to minimise tensions. The organisation has become involved with local political leaders through persuasion, while maintained a neutral image through careful crafting of all its external and internal communications.

Example 2: Maintaining an Independent Status while Avoiding Conflict with Government (GCCN, GTT and GISB)

The interview data reveals that there exists tension in the relationship between Professor Yunus, the founder of Grameen Foundation, and the current government. The leaders of Grameen Caledonian College of Nursing (GCCN), Grameen Telecom Trust (GTT) and Grameen Intel Social Business (GISB) have confirmed this tension. The leader of GTT states:

...the relationship between the current government and Yunus is notoriously political. Being part of Grameen Foundation, getting access to state support is not as easy for us as it is for similar organisations, such as BRAC or ASA...it's not that we have not approached them for help before, however, all we got were intentional delays in the process and deliberate attempts to prevent our projects from starting. They are all predetermined that Grameen is a brain child of Yunus, so we will not let them go so easily. (COO, GTT)

The response to this tension involved avoiding labelling them as social business, a brain child of Yunus and instead, registering under the Private Company Act in their respective sectors. For instance, GCCN is registered as a Higher Educational Institute under the University Grants Commission; GTT as a Private Commercial Association/Trust under the Commerce Ministry; and GISB as an IT firm under the Private Company Act. All of the leaders interviewed said that one of the prime reasons underlying this action was to disguise their affiliation with Yunus. All three organisations have minimised tensions regarding their political legitimacy by adopting 'alteration' as a strategy.

The Principal of GCCN has further explained how her organisation had built 'alliances with sister concern and projects to complement the resource and support needs of each other'. She said that GCCN has a 'synergistic' relationship with the Grameen Micro-Financing division and Grameen Eye Care Hospital. GCCN provides nursing education to the daughters of 'Grameen Micro-Finance borrowers' to increase their family income and enable them to repay loans on time. They also supply qualified nurses to Grameen Eye Care Hospital, as there is a nurse shortage in most rural areas. The Principal of GCCN commented that the college prevents Grameen's hospital from suffering from this crisis by supplying their own graduates, which in turn, helps graduates gain employment in their profession and also provides their families with a sure source of income.

All three SEs had formed external collaborations to help address their support needs. For instance, Grameen Caledonian College of Nursing developed a partnership with Glasgow Caledonian University in the UK which has contributed both know-how and financial support. The Nursing and Midwifery Department of Glasgow Caledonian University is one of the investors in GCCN and have also provided support in curriculum design and training. Grameen Intel Social Business (GISB) had formed an alliance with Intel Corporation USA to develop software and share knowledge, also shares the distribution network of e-Kutir-India to sell software to Indian farmers. Similarly, GTT's annual report evidence their partnerships with multiple international organisations (Danone Group, France; Green Children Foundation, USA; Veolia Water, France; BASF, Germany) thus enabling financial and non-financial support for Grameen family projects. The analysis demonstrates how GTT, GCCN and GISB have all sought to avoid the tensions associated with public support by seeking support from non-state and international organisations. They have developed alliances with external corporations and NGOs as a means to side-step support from state institutions.

Multiple Ideology Tension

Example 1: Respecting Traditional Norms and Customs while Meeting Donors' Expectations (BPF)

This tension emerged when BPF was attempting to implement a new project which was being driven by donors but which challenged some of the traditional customs and practices in the society. BPF introduced a community-based rehabilitation programme (CBRP) in the year 2002 in partnership with Job Placement, a for-profit human resource consultancy firm based in Australia. The aim of CBRP is to rehabilitate

disabled children in their own communities and with their families. Under this programme, BPF provides loans (without interest) to the mothers of disabled children in order to purchase cattle and thus generate money from selling milk. The purpose of this initiative is to allow families with a disabled child to generate income to be spent on the child's education, healthcare and food. The funds come from Job Placement, which aims to empower female members in the family in the belief that women are more responsible and caring towards children than men. Therefore, an important condition associated with the donation is that loans are given to the mother instead of the father.

The Executive Director said that many fathers did not appreciate the idea as men traditionally held the responsibility for cattle farming and selling milk, and did not accept that their wives could fulfil such a role. For this reason, many of them prevented their wives from becoming involved in the project. In this respect, one of the mothers involved said,

My husband was furious when he knew that I would be the principal borrower and not him. When he came to know that BPF does not trust him, his ego was hurt. He prevented me from getting involved as he found BPF's policy to be offensive. He also believed that I am not capable of managing the loan and my inexperience could push the family towards more agony.

The above comment reflects the high degree of resistance from the husbands regarding the loan condition set by the donors. On the one hand, BPF was obligated to meet the donor's condition yet, on the other hand, the beneficiaries were not ready to accept the policy. The Executive Director said that BPF faced 'intense pressure' as 'Western ideology' was not well accepted by remote village communities.

The Executive Director believed at first that they should make home visits to resolve the issue and persuade the husbands of their obligation to donors in selecting women as the loan recipients. However, this course of action did not yield favourable results so some form of compromise was necessary. Thus BPF decided to sanction the loan in the mother's name so that she remained responsible for repayment but that father be included in the project as a partner and was responsible for the farming activities and milk sales. In this way, mothers were able to keep track of the income and ensure timely repayment, and the fathers did not feel completely excluded.

According to the Executive Director, the donors were sufficiently convinced by the experience and they have been educated to realise that operating in remote villages with strong social norms sometimes necessitated such adaptive compromises. The Executive Director said,

We had to convince our donors that we cannot work in rural areas without respecting their cultural values because a rural community is highly embedded in their norms. It creates a great amount of stress if someone urges them to change such ways, so we had to adapt.

The data analysis shows how BPF initially attempted to influence villagers to accept the requirement of the new programme. However, on the basis of their early experience of implementation they were compelled to adapt the programme to fit cultural values. The tension was managed through innovating a newly adapted way of executing the programme and persuading donors.

Example 2: Attaining Organisational Goal while Respecting the Societal Norms (Hathay Bunano)

In rural Bangladesh, the social norm prescribes strict gender roles with women being subordinate to their husbands and expected to stay at home to take care of the children and do the housework. Hence, female employment outside the home is seen as negative in rural areas. Hathay Bunano founder described how they had experienced particular difficulties in encouraging rural women to take the opportunity to work in its branches. The husbands initially prevented their wives from going to the production centres as they believed this would undermine their wives' duty towards their children and the housework. Also, the founder thought that perhaps the husbands did so as they believed that letting their wives take employment would also undermine their male authority in the family. She added that the existing social norms was that the husband should earn more than the wife, which may have caused many husbands in rural areas to become envious of their wives and created barriers to their employment opportunities. In this respect, the founder highlighted a further dilemma: on the one hand, Hathay Bunano's social mission is to pay a fair salary to workers, yet, on the other hand, paying women employees more than their husbands earned would create tension for both the workers and their families and the organisation.

The founder also stated both local people and religious leaders had also criticised the women who went out to work at the production centres, causing some women to drop out after starting work. Achieving a balance between respecting social and religious customs has therefore posed a particular challenge for Hathay Bunano, given the tensions between their social mission to support women in rural areas, and the social norm which prescribes adherence to strict gender roles.

Hathay Bunano managed this tension by drawing on their persuasion and relationship building skills to encourage husbands (through home visits) to allow their wives to work. They also allowed flexible work schedules so that the wives could support their husbands during the harvesting season. Also, relationships were developed to build capabilities in order to create a bond with employees and their families, including by selecting one of the village members as supervisors who would make home visits to interested females and build rapport with their husbands. Hathay Bunano also used workers' husbands by employing them in distribution function.

The founder commented that they had also adapted their human resource management policies and working conditions to be compatible with social norms and the needs of workers, allowing them to bring their children to work and providing day care facilities. Recently, they opened pre-schools near eight of the production centres. They also allow the hijab (religious attire) and the observance of prayer times in the workplace. The organisation has also designed the salary structure in a way that respects this social hierarchy as explained by the Founder,

Our salary structure is flexible. When we start an operation in an area, we first find the average income of males in that area and then determine our workers' salary structure in a way that they earn a bit less than their husbands... You may think that we are promoting inequality in society, and that instead of challenging it we are supporting it, but I think our strategy reduces a lot of challenges for our workers.

There are certain systems that are embedded in our cultural values. If we try to challenge these then we are in danger of deviating from our mission. Men in our society are egoistic and I don't think their values can be changed overnight. I think that by respecting the tradition I can at least create female empowerment, while not doing it this way I may achieve nothing.

To ensure the cooperation of local people and community leaders, Hathay Bunano therefore used its networking and relationship building capabilities to build trust. The founder said that these relationships with the local community and economy were also developed by renting local houses and seeking their assistance when setting up the production centres. They purchased all of their supplies from local vendors to make people realise that the organisation is good for local businesses as well. In this way, they attempted to become 'in-group members' of the village i.e. becoming more embedded in the local community and economy in order to secure their co-operation. The founder stated that they were also involved in dialogue with the community and religious leaders to highlight the benefits of the organisation and encourage individuals to spread positive words. Local leaders are highly respected by villagers and their opinions have been important in terms of legitimising the organisation within the local communities.

The example above reflects how Hathay Bunano has sought to influence the husbands of their female employees (or beneficiaries) and the communities where they operate by using their persuasion and relationship building skills. At the same time, the organisation has also adapted its human resource management policies and actions so that traditional social and religious norms are respected in the working practices of the production centres.

Collaboration Tension

Example 1: Persuading Donors to Agree with Government Requirements (BPF)

This tension results from the requirement to comply with the state regulatory requirements while also needing to meet the expectations of donors. The Executive Director of the BPF said that since the early 1990s, when the stories of NGO malpractices started to arise in the media, NGOAB demanded more accountability. According to the changed requirements, BPF had to undergo routine auditing every six months and also surprise inspection visits from government officials in order to check their accounts and operational activities. Therefore, the organisation had to improve its record-keeping and maintain more detailed accounts to show how the funds from donors were spent. The Executive Director said,

The situation demanded us to be more professional. Every six months our accounting division undergoes rigorous monitoring by NGOAB appointed auditors. Previously only the large expenses needed to be reported to the NGOAB, while now we have to keep record of every penny we spend from our donations.

The fund approval process also became cumbersome, with NGOAB asking for a range of documentations from SEs as well as from donors. In this regard, a secretary at the Ministry of Social Welfare commented,

NGOs have been under greater scrutiny since early 1990s, although the monitoring has become more rigorous recently. We need to clearly know why an NGO gets funds, where the funds from donor are being spent and what impact it has created. Recently, a number of NGOs have used funds from overseas Bangladeshis for terrorist training. Therefore, we now ask for some additional documents from donors, such as an authorisation from their respective public body showing the validity and trustworthiness of the project.

The above comment indicates how the fund approval process, documentation requirements, and overall scrutiny on NGOs have become more rigorous, with greater documentation and accountability now required from the donors' side. This tightening requirement for compliance with state regulations, has therefore, required BPF to persuade their donors to provide additional documents and supports. The Executive Director remarked that donors were initially reluctant to make the extra effort to submit extra information, and were critical of the lengthy procedure of fund approval and the potential to delay the start of projects. The Executive Director said,

When we informed our donors about the changed regulation regarding fund approval, they felt annoyed. We informed them that now we need additional documents from them, such as approval from their public authorities, a report on their expected visions and targets. This increased the complexity on their part in terms of arranging these documents. Our donors' way of work and interaction are influenced by the Western work culture, which is often less bureaucratic than that of ours. The donors felt a discomfort with the increased need for documentation that may potentially delay the project's start and operating activities.

The comment above shows that the donors' work culture is Western-influenced and more efficient, which created greater difficulty for BPF in their attempt to convince them. Nevertheless, being registered under NGOAB, BPF was pressured to comply with the regulations and thus had no choice but to persuade donors of this need. The Executive Director remarked on the tensions experienced as a result of the challenge it posed to donors preferred way of working and the new monitoring system.

The regulatory changes required BPF to develop professional skills in bookkeeping and report writing. Skills which the organisation was not previously overly concerned to develop. As a result, BPF had to create a separate accounts division and hire a chartered accountant to lead the accounts team. The organisation also hired an accountancy auditing and consulting firm to train existing employees and to conduct an internal audit of records. They also sought training support from other resourceful NGOs/developmental organisations such as, UNICEF and Save the Children. The Executive Director further said,

We had to convince our donors that the regulatory changes were for our good and we needed their support in order to fully comply with these changes. We highlighted to the donors how the new regulations had inspired us to take measures to enhance our professional skills. We had to convince them by saying that our current efforts could be beneficial to them because the newly acquired skills and the increased accountability may also promote greater transparency and efficiency in the overall project management.

The evidence, shows how BPF was able to persuade the donors to cooperate with the changes needed in order to fully comply with the new regulatory requirement of

the government. They also needed to make improvements in terms of their own skills needed to comply with a more stringent monitoring system.

The analysis shows that BPF was pressured to comply with the state regulations by improving professionalism and accountability process and how these were presented to NGOAB officers. It was, therefore, a situation of *forced adoption*. A number of resources and capabilities needed to be developed and mobilised by BPF in order to manage the tension arising from state imposed regulatory changes. The analysis reveals that BPF had to adopt the regulatory changes by persuading donors for increased cooperation, by recruiting accounting expertise for systematic record keeping, by building alliance with a consultancy firm for internal auditing and also by developing the professional skills needed for report writing and planning.

Example 2: Convincing Two Groups of Peer Organisations to Agree on the Same Goal (ASA)

Up until 2006, there was an absence of customised regulations to govern micro-financing institutions in Bangladesh, as well as confusion regarding the appropriate authority (NGOAB or the Finance Ministry) responsible for monitoring such organisations. As a result, some opportunistic MFIs were found to be exploiting the loopholes for malpractices. The founder of ASA exemplified how a number of small MFIs were accused by NGOAB of receiving large amounts of donor fund, the majority share of which was exploited by the founders for personal benefits. Some MFIs were also accused of asking high interest charges from the poor, thus putting them into further jeopardy. The founder pointed out how the confusion as to the responsible authority for monitoring MFIs' activities had further contributed to the spread of such malpractices. Being one of the largest and earliest MFIs, ASA felt the need for a customised law and the establishment of a specific monitoring body to govern the sector. In order for such regulatory change to occur, a combined action from ASA and other MFIs, both small and large, was required.

In this respect, the founder commented that a tension was created when attempting to persuade other MFIs of the need for such major change. The small MFIs resisted the change because of their fear that this would require more professionalism, more reporting and increased transparency from their side. He remarked that a number of MFIs, especially the small ones, were either resource constrained or reluctant to undertake such action. Convincing the small MFIs was therefore a challenge while being able to present a unified case this was also a prerequisite to approaching government for any regulatory change.

ASA's founder networked with other interested large MFIs to form the Association of Micro-Financing Institutions (AMFI). The association aimed to persuade a considerable number of MFIs of the need for the regulatory change, and to collectively lobby the government for a customised MFI act and specialised monitoring body and also appropriate support to the resource constrained MFIs to help them implement the new regulatory requirements. The association persuaded a group of other MFIs of the benefits of a customised law and the initial members arranged seminars, meetings and conducted research to highlight the problem to other MFIs. When they had successfully persuaded sufficient number of MFIs, they started to collectively lobby the government. This process took three years from forming the association to convincing other MFIs and the government to develop the Micro-Financing Act and MFI

regulatory body. Following the introduction of the regulatory change, the association provided a range of support measures to the small MFIs to assist them in implementing the new requirements as well as other advice.

The analysis, therefore, shows how ASA was able to influence other MFIs and the government at a collective level through the creation of a new MFI association. The tension was addressed mainly by collectively persuading and communicating with other MFIs and then lobbying the government.

Belonging Tension

Example 1: Communicating Multiple Identity to Different Stakeholders (Panther Social)

The analysis shows a number of challenges originating from the state regulatory and policy environment in relation to social businesses. For instance, the founder and CEO of Panther Social explained that there was a lack of 'customised regulation' that is attuned to the needs of social businesses in Bangladesh. Confusions was evident among the public officers in relation to taxation requirements, operational models and the support needs of social businesses, with the former Deputy Secretary of the Ministry of Social Welfare commenting,

Whether you call it social business or SE, the concept is not yet clear for people like us. We are very much familiar with NGOs and so we are well-equipped and knowledgeable to support the NGO sector. At the moment, there is no law that differentiates NGOs from social businesses. If there were a customised regulation, only then would we be able to offer them [social businesses] ready-made support.

The above comment suggests that public officers often have a limited understanding of social business, and that the absence of customised regulations could be one of the reasons underpinning this ambiguity. The evidence from data further shows that there is limited public support available to social businesses compared to their NGO counterparts. In this respect, the Executive Director of the Yunus Centre, a support organisation for social businesses, commented,

Unfortunately, there is no separate law for social businesses. As a result, NGOAB officers treat social businesses as NGOs...tensions started when the social business concept emerged in Bangladesh and NGOAB was not equipped to support their needs. At present, we are the only support institution providing training, information, advice and other non-financial assistance to the social businesses.

This comment by the Executive Director of the Yunus Centre supports that the absence of a customised law is a key tension between public institutions and social businesses. The CEO of Panther Social explained that when they first applied to NGOAB for registration as a social business, the limited understanding of social businesses by NGOAB officers created confusion and delayed the process. The founder/CEO of Panther Social said,

After two months with our application, they [NGOAB] asked for documents showing our funding arrangement and list of potential donors. This means they had no idea about what we were trying to do. We told them that we do not have donors and that we will be financially self-reliant. Then they became confused as to whether we should be

exempted from tax or not. They then sent our proposal for approval from the Finance Ministry. After about six months of waiting, I became impatient and withdrew the application from NGOAB and resubmitted to get it registered as a private firm.

The interview evidence further confirmed the impact of the confluctual relationship between the government and Yunus and other social businesses. The founder of Panther Social said that being registered as a social business could jeopardise the organisation's political image, making it more prone to scrutiny from government and challenges with respect to accessing public sector support. The stance of government was described as 'prejudiced' and 'unsympathetic' by the founder. He said that even before starting the venture they experienced difficulties in finding the most appropriate legal form. The founder emphasised the importance of maintaining an apolitical image and that registering as a social business could negatively influence this due the ongoing tension between Yunus and the government. Given these issues, Panther Social withdrew their application to NGOAB and registered under the Private Company Act, which ensured easier access to conventional finance, but also avoided the extensive scrutiny of NGOAB.

Nevertheless, Panther Social were required to pay taxes as a private/commercial enterprise and were prevented from seeking donations or grants. The founder further stated that registering as a private limited company had created confusion among their employees about the actual identity of the organisation, which was also was one of the causes of ongoing dissatisfaction amongst them. For instance, being registered as a private company, meant that employees had to pay income tax at a rate applicable to a conventional for-profit firm, whereas those working in NGOs pay income tax at a subsidised rate. Therefore, while Panther Social wanted to achieve an independent status without involving into any conflict with the government by registering as a private firm, the organisation faced a number of managerial tensions due to regulatory context.

Initially, when NGOAB delayed the organisation's registration the founder used his political connections to expedite the process, further explaining to NGOAB their operations and business model. Finally, when all attempts failed they withdrew the application from the NGOAB and registered as a private company.

To avoid confusion regarding multiple identities different communications strategies were designed for various stakeholders. For instance, in internal memorandums they are stated to be a social business, thus reflecting to the board and to employees that their primary goal is to achieve the set social mission. All the employees were provided with mandatory three day training after recruitment to aid a better understanding about the nature of social business. The founder explained that they had to revise their pay scale twice in last two years in order to address the ongoing dissatisfaction among employees regarding the income tax issue. The annual report reveals that in current date they paid a higher salary than average NGOs.

The organisation presents the image as a private firm in their external communication. For example, they are a member of Federation of Bangladesh Chamber of Commerce and Industries (FBCCI), a trade organisation that plays pivotal role in a consultative and advisory capacity, safeguarding the interest of the private sector. Representatives from Panther Social attend the meeting and events organised by the

association, also participating in the annual fair organised by FBCCI every year since 2012, in order to promote their organisation to the customers and investors.

Performing Tension

Example 1: Balancing Social and Economic Goals (Quasem Foundation)

Quasem Foundation (QF) started their organisation with a mission to provide affordable eye care services to the poor in Northern Bangladesh, which has long been a deprived area. Since 2002, two of their long-term donors stopped providing donations to the organisation. To compensate for the lost financial resources, QF needed to increase its service fees by 5 percent in its eye hospitals. In this respect, the Managing Director stated,

While poverty is on the rise in Northern Bangladesh, such an increase in service charge may make our services less affordable for villagers. However, we had no other choice as we thought if we had to close one hospital, the social loss would be even more.

The evidence shows how QF was pressured to increase its service fees due to the loss of donation sources, despite their concern that doing so would make QF's service less affordable to people in extreme poverty. Hence QF experienced a particular tension with respect to balancing its economic and social goals.

The Managing Director said that they had to increase the service fee as they had no other choice if they were to financially survive. However, Quasem Foundation also decided to attempt to compensate the lost social benefits by introducing a mobile eye clinic. This new project enabled the organisation to reach remote rural areas and make its services more accessible to deprived people. Eventually, a new source of revenue generation was identified and a commercial eye hospital was established in the capital city. The profit from this commercial venture was reinvested in other social projects. The Managing Director further relayed how the current government's Vision 2020 programme had also opened a new door of opportunity for Quasem Foundation. The government now asks for increased participation from NGOs, especially in the health care and education sectors and, in line with this the Secretary of the Ministry of Social Welfare commented,

We seek more and more participation of NGOs in the health and education sectors as these are the key areas of development according to Vision 2020. The government is willing to support, both financially and non-financially, any hardworking NGOs working in these areas.

The Managing Director said that they had made 'wise utilisation' of this new vision of government and due to its contribution in the healthcare sector in Northern Bangladesh government funding has been secured. The organisation currently receives a fixed amount donation every year from the government, as well as some initial funding during the introduction of the mobile eye clinic project. The local authority has also helped by building a road leading to the hospital, improving its alternative source of income in order to prevent future financial burdens.

In addition, the foundation has sought non-financial benefits by developing alliances with other developmental organisations and conventional corporations. The Managing Director remarked that the alliances would help to 'reduce pressure on cash

flow'. For instance, a partnership with Sightsavers contributes by sending a team of eye surgeons for free to operate on patients. The Managing Director said,

Our sources of funding are shrinking; two of our donors have pulled out. We now focus more on non-financial benefits from donors. If they can offer us knowledge or technical support, then I think that has a financial value as well.

The evidence shows that the non-financial supports received from the alliance partners yielded in indirect financial savings for Quasem Foundation. In addition, the new earning generation initiatives have also helped to compensate for the loss of financial resources due to cuts in funding from donors. Thus QF was able to create a new balance between both social and economic goals by finding alternative sources of income and also by compensating for lost social benefit.

This example illustrates how QF has been able to adapt its social programme in response to changes in its financial situation. At the same time, it has utilised the new opportunity created by the government's Vision 2020 programme and also introduced new income generating projects. Therefore, QF used their alliance building, earning generation and innovation capability to address this tension.

Learning Tension

Example 1: Fulfilling Social Obligation while Protecting Knowledge Resources (Phulki)

With pressure from buyers and auditing agencies, Bangladeshi garment owners have become increasingly involved in partnerships with NGOs to manage their day care centres. Being the first of its kind, Phulki holds considerable experiential knowledge on the area. For this reason, a number of emerging NGOs sought know-how support from Phulki. For rapid expansion of their social goal within a short period of time, it would be sensible for them to share their expertise with other NGOs through training etc, so that they too can offer the child care service to an increasing number of garment workers. However, the founder was also aware of the fact that in the long-term they would have to be sustainable economically and thereby, should pay attention to competitive logic, which contradicts these actions as transferring know-how means transferring core knowledge. The founder, therefore, identified the particular tension in relation to their growth in the long-term as opposed to short-term.

In order to address this tension, Phulki decided to franchise its model as it was replicable and not overly complex. The founder stated,

Our operations are mainly Dhaka based. So, we decided to train NGOs in Chittagong [the second largest city in Bangladesh]. In doing so, we could avoid creating competitors in Dhaka city. However, with the rising trend of labour code compliance by factories since 2012, the demand for our service started to increase. In such a situation, we wanted to grow economically without forgetting our inclinations towards social goals. We realised that we alone cannot serve 3500 garments factories in Dhaka city. Thus we decided to franchise our model in return of a nominal royalty fee. This strategy created a new source of income for us, while safeguarding our key know-how. Also, we were able to contribute to the society by stimulating the growth of similar NGOs like us.

The above quote reflects how Phulki's strategy has enabled them to retain some control over the franchisees while also creating a new source of revenue from the franchising fee. The strategy will also enable rapid expansion of social benefits thus fulfilling the organisation's social mission. This example, therefore, illustrates how Phulki has been able to respond to a rising opportunity for social and economic growth through replicating their model via franchising.

Organising Tension

Example 1: Hiring Disadvantaged Employees while Developing Business-Like Skills (Hathay Bunano)

The absence of clear policy guidance and appropriate regulation with respect to SEs in Bangladesh resulted in Hathay Bunano being initially registered as an NGO under the NGOAB, even though its operational model differs considerably from that of a traditional NGO. Therefore, the organisation experienced delays and non-cooperation on the part of NGOAB and public support institutions, since the public officers involved lacked understanding of Hathay Bunano's activities and support needs. In 2010, Hathay Bunano was registered as an export-oriented private limited company under the Private Company Act. The Founder of Hathay Bunano said,

In this country everything [institutional support] is ok as long as it involves a clearly prescribed process ... as soon as you are a millimetre away from the system, everything goes haywire. The system here is not set up to cope with a need for flexibility; here, to bring in a change is a huge process involving lots of controversies and so many people to oppose it.

The founder claimed that while Hathay Bunano's change in legal status had resolved the tensions they were having in dealing with the NGOAB, it created a new set of challenges such as having to pay more tax. The founder commented that, on the one hand, they had to behave like a commercial enterprise and develop business-like skills to compete with conventional low cost international toy producers. On the other hand, they also had to stay true to their social goal to create employment for rural women and pay them a fair salary. As a result, managing a smooth flow of working capital has always been a challenge for the organisation and has caused tensions around balancing social and economic goals.

The founder described how Hathay Bunano had to develop a range of business-like skills to enhance their economic efficiency and reduce pressure on their working cash flow, although they had to do this without sacrificing the social mission. For instance, the founder commented about developing and promoting what they saw as their unique selling proposition,

We turned our weakness into our strength. We know we cannot compete with conventional toy producers if we take a rational cost-focused business approach. We focus on our differentiated position and only approach the buyers that value ethical consumerism.

The above comment reflects how Hathay Bunano had positioned their social orientation as a unique selling proposition in order to compete with conventional low-cost toy producers and by capitalising on their basic idea of hand crocheted and knitted toys that reflected the Bangladeshi heritage. Eventually, along with a team of

designers she became involved in co-designing with the buyers. Thus, Hathay Bunano developed the innovation capabilities needed to create joint value for both buyers and themselves.

The founder further described how Hathay Bunano was able to minimise its production cost through application of a working model based on a low-cost, labour intensive, electricity-saving and low technology production process. Thus, the firm also benefits from the low cost of machineries maintenance and low utility bills. They leverage the natural sewing ability of village women using needles and crochet and thus save on the cost of training workers.

The organisation has made further cost savings through building alliance with external agencies for training and other non-financial support. For instance, they provide administrative training to workers with support from multinational corporations, national and international organisations, and their own initiatives. In the year 2012, IT related training was implemented through a partnership arrangement with a Netherlands based state organisation Project Under Manager (PUM), whereby Hathay Bunano paid only for the living costs of the PUM trainers. These trainers assisted in setting up an oracle database and taught IT workers how to transfer production processes into complex databases.

The founder claimed that Hathay Bunano's distribution system was designed with a view to achieving cost efficiency while maintaining control. At the local level, this involved utilising rural transport methods, such as vans, boats and cow carts to carry products from remote villages to district centres from where they were transported to the headquarters via conventional transport, such as trucks and lorries. For international distribution, Hathay Bunano established its own warehouse in the UK and in Malaysia under the name 'Pebble Child UK Ltd.' and 'MDXE Trading Company Ltd', controlling distribution in their European and Australasia markets, respectively. The founder claimed that the regional warehouse enabled the organisation to establish better control of international distribution, in a cost efficient manner. Achieving legitimacy of their brand with retailers in target markets has also been important, in this respect Hathay Bunano have establish partnerships with well-known wholesalers in each of their international markets.

The founder stated that while it was important for Hathay Bunano to perform different functional activities in a cost efficient manner, they also needed to concentrate on increasing the sales to enhance economic efficiency and social value. Thus, she claimed that their marketing activities were described as being similar to those conducted by conventional exporters. For instance, they created direct contact with the buyers through targeted electronic marketing and participating in fairs and summits. After initial contact, their representatives makes a formal presentation to the buyers to inform them about the organisation's mission, values and products. They started with their brand name 'Pebble' which they have made well-known in retail circles by approaching retailers directly and leveraging their social value creating image. With regards to their branding strategy, the founder said,

We sell our product through John Lewis. I did not agree to sell under their private label. I negotiated for 'Pebble'. I made them believe that the socially responsible image of 'Pebble' can give them more benefit.

They achieve good prices for their products based on the differentiated position of the brand and the founder further said,

We did not want to be a mere supplier of toys. We wanted to create our own identity different from any other Chinese toy contract manufacturer.

The organisation also focused on relationship building with buyers and, based on long-term relationships and trust were able to agree on 50 percent of the quoted value being paid in advance to reduce pressure on their working capital. Hathy Bunano therefore has been able to avoid being a victim of confusion and non-cooperation which they had initially experienced in their early dealings with the public officers by withdrawing its registration from the NGOAB and registering as a private limited company. The tensions following this change were managed through increasing sales income by developing a range of business-like capabilities, including marketing the organisation's differentiated position and building strong relationship with buyers in overseas market. A number of strategies were also adopted by the organisation to reduce production, training and distribution cost.

Discussions and Conclusions

Previous studies have explored the interplay between structure and agency (e.g. DiMaggio and Powell 1983; Nicholls 2010). This paper has advanced this understanding by examining this interplay in hybrid organisation context (cf. Pache and Santos 2010). By means of its micro-level approach, the study aids theorisation of SE tensions emerging from their attempts to embed competing institutional logics and their responses to those tensions both at strategic and functional levels (cf. Saebi, Foss, and Linder 2019). Subsequently, one of the main contributions of this study involves identifying three new forms of tensions beyond the initial four noted by 2013) and empirically testing the presence of all seven forms of tensions in two types of SEs. All forms of tensions were found to be apparent among all the SEs regardless of their different social and economic goals, governance structure and institutional embeddedness. Although the nature of a specific form of tension was found to be similar across the SEs, these were manifest in different SEs in different ways due to varying pressures from different institutional actors.

The findings of the study extend the understanding related to two emerging interests in SE research: (i) studying the hybrid nature of SEs (e.g. Jay 2013; Pache and Santos 2013) and (ii) synthesising insights from other disciplines to examine tensions in hybrid SEs (e.g. Doherty, Haugh, and Lyon 2014; Smith, Gonin, and Besharov 2013). In this respect, Doherty, Haugh, and Lyon (2014) recently proposed SE scholars to investigate the hybrid nature of SEs by examining how they embed in multiple institutional settings. They further urged the development of 'a theory to explain how SEs sustain relationships with an array of stakeholders that have competing objectives at the same time developing market-based strategies by hybrid organisations to create and leverage resource portfolios' (Doherty, Haugh, and Lyon 2014, 422). The current paper has responded to these recent calls by identifying a number of responses that SEs can exert to achieve acceptability from external stakeholders in the state, market, donor agencies, beneficiaries and society. In so doing, the paper has synthesised the

concept of hybridity with institutional theories. Further to this, the study has borrowed the resource and capabilities based view from strategic management and tied it with the concept of mixed institutional logics from institutional analysis (cf. Doherty, Haugh, and Lyon 2014; Lyon and Fernandez 2012). This cross-fertilisation has allowed the macro-level factors from institutional domains to be linked with micro-level issues inside the organisation (cf. Saebi, Foss, and Linder 2019).

The findings suggest that the studied SEs used five strategies to respond to institutional challenges: (i) forced adoption/coercive adoption, (ii) proactive response to regulation, (iii) adapt, (iv) influence, and (v) side-stepping. Forced adoption is a form of coercive isomorphic response as conceptualised in the theory of institutional isomorphism by DiMaggio and Powell (1983). This growth strategy was particularly exemplified by the case of BPF as they had to coercively comply with the new stricter regime of NGOAB. In contrast, Phulki made 'proactive adoption' of government's call for NGOs to support the garment factories in implementing the child care provision of the National Labour Law because this call opened a new door of opportunity for Phulki to access public resources/funding. This strategy is in line with strategic isomorphism principles theorised by Pache and Santos (2013). ASA, on the other hand, attempted to influence the regulatory practices by collectively lobbying the government for the development of customised regulations for the MFI sector, which is a response strategy previously identified in the theory of reflexive isomorphism (Nicholls 2010).

While confirming with previously found response strategies, our paper suggest two new types of responses – adapt and side-stepping. For example, all three of the SEs under the Grameen family (GTT, GCCN and GISB) had adopted an alternative legal form to disguise their affiliation with Yunus and had also developed their own support system through internal and external alliances in order to avoid the need for support from the state. These SEs tended to be highly entrepreneurial in finding alternative means of addressing their support needs while also they could safeguard their integrity and legitimacy in a particular tense situation. This strategy of 'side-stepping' is, therefore, a unique finding of our study. Yet another unique finding of our study is the response namely 'adapt' which was used by Hathay Bunano. When Hathay Bunano faced resistance from the local community regarding female employment, they sought to win over the husbands by building relationship and gain their cooperation. At the same time, the organisation adjusted its working conditions (such as, allowing religious attire at work, adopting a flexible schedule during the harvesting season, allowing workers to bring children to work and so on) to suit the social/religious context of rural Bangladesh and the needs of their workers.

The findings show that SEs developed and applied a range of resources and capabilities to manage the tensions. A number of these capabilities have already been identified in previous studies, such as communicating, alliance building, lobbying, earning generation, replicating (Bloom and Smith 2010), marketing (Doherty et al. 2009), learning and skills development (Bull, 2007), networking and relationship development (Lyon and Fernandez 2012) and innovation (Gawell 2013; Zahra et al. 2009). The analysis shows three distinct capabilities that can

be conceptualised in a different way to those already identified in previous studies: (i) alteration, (ii) internal synergistic alliance building, and (iii) social brand building. This capability refers to the ability to explore and implement alternative options when the most immediately preferred option is difficult to adopt or inappropriate due a tension with external institutional factors. For instance, the findings indicate that Hathay Bunano, Panther Social, GTT, GCCN, and GISB had registered as private companies, despite having operational and profit models that were similar to social businesses due to absence of custom-made policy and regulations for these new form of SEs. Again, GTT, GCCN, and GISB created synergistic organisational subsidiaries in a way that one unit fulfils the resource and the support needs of the other. This capability, namely internal synergistic alliance, allows SEs to develop their own internal support system whereby one unit complements and advances the activities/goals of the other. The higher the degree of attainment of this capability, the lower is an SE's reliance on external support institutions. Grameen Intel Social Business (GISB) and Hathay Bunano developed a social brand name, which became rare and valuable resource for these SEs. Both SEs made a strong link between their products and their value-centred socially oriented image and communicated this to the target customers/beneficiaries to differentiate their position from typical commercial brands. Overall, mobilisation of all the above resources and capabilities allowed the studied SEs to manage the internal tensions arising from conflicting demands of multiple stakeholders.

The contribution of the paper is, therefore, not limited to SE research only. The paper has also contributed to the institutional and strategic management views. The findings of this study have pointed that the resource-based perspective that originally focuses on the growth of conventional enterprises can be useful for explaining SE growth as well (cf. Bloom and Smith 2010). The resource-based view is based on the assumptions of economic value creation and accords limited attention to the resources and capabilities required for social value creation. Nevertheless, this paper has identified a set of resources and capabilities that SEs need in order to accomplish their social and economic goals, and address gaps in institutional and internal logics. Specific set of resources and capabilities proved out to be strengths for specific SEs in managing internal tensions in their unique ways.

The paper contributes to the institutional literature by identifying the institutional factors that can potentially influence the nature of hybrid SE growth (cf. Bruneel et al. 2016). While a number of findings of the study are specific to Bangladeshi context, others can advance the understanding of the nature of SE growth in similar institutional environment prevailing in other South Asian countries, such as, India, Pakistan and Myanmar. For instance, the institutional factors that can also prevail in other South Asian countries are conservatism regarding female employment, hierarchal structure and gender roles. Therefore, the tensions resulting due to these institutional factors can also be apparent in SEs in these countries.

The findings of the study can have a number of implications for policy and practice. In the context of policy making, the findings indicate that customised policy, appropriate public support and co-operation from the government facilitate the growth of

hybrid SEs. The traditional non-profit NGOs in Bangladesh have benefitted from structured policy guidance and proper support institutions. A number of these are not applicable for the hybrid SEs that are on the rise in Bangladesh. This study has found that the absence of customised policy guidance and institutional support have led to a number of tensions in these hybrid SEs. In order to overcome these tensions, some hybrid SEs had to adopt alternative legal forms, which has put them into a set of other challenges. The findings of this study imply that the Bangladeshi government should focus on developing policies and public support systems that are customised according to the needs of this new generation of hybrid SEs. Appropriate tax policy, customised loan facilities and awareness programmes should be designed to facilitate growth of these hybrid SEs.

The paper has multiple implications for SE practitioners as well, especially for the leaders/managers of the hybrid SEs. The findings of the study can guide the hybrid SEs in Bangladesh to understand how they may experience competing expectations from different institutional actors and how those influences may lead to internal tensions. The insights from the study can make the SEs comprehend and manage their internal tensions better with appropriate strategies and mobilisation of resources and capabilities.

The study has limitations in terms of its sampling. Although efforts have been made to purposively select the appropriate cases, this process could not be accomplished entirely based on judgement due to access limitations. The scope of the findings is also limited. For instance, the path SEs can adopt to respond to each tension may vary depending on their goals, structure and institutional embeddedness. Therefore, the findings about their strategic responses and resource/capabilities mobilisation cannot be generalised. Moreover, the study has primarily focused on exploring the complex and multi-faceted reality in the Bangladeshi institutional context and understanding the tension management processes in hybrid SEs within this national context. Whilst many of its findings may be application to other South Asian countries, these should be interpreted with care when applied to Western SEs. The study has focused on achieving depth rather than breadth. Thus, the study is highly replicable and the insights from it can be tested using larger samples, different context and/or different groups of SEs in future research.

CRedit authorship statement

Abdullah Al Faruq: Software, Validation, Formal Analysis, Investigation, Resources, Data Curation, Project administration, Funding acquisition. Samia Hoque: Conceptualisation, Methodology, Writing – Original Draft, Review and Editing, Visualisation.

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