From Minnow to Mighty: A hegemonic analysis of social accountability in BRAC - the world's largest development NGO

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ABSTRACT

Based on fieldwork in Bangladesh Rural Advancement Committee (BRAC), the world's largest Non-Governmental Organization in Bangladesh, focusing on a Gramscian perspective of hegemony and Gramsci's military metaphors, this paper examines whether and how BRAC's cultural and moral leadership helped build a counter-hegemony through a 'war of position' and extended its functional accountability into social accountability. We found that BRAC endeavored to disseminate an 'alternative' hegemony and develop a 'historic bloc' for waging a 'war of position'. Our approach informs the difficulty large hybrid NGOs such as BRAC face in effectively combining functional and social accountability and pursuing their financial and social goals simultaneously given the political, cultural, and ethical factors paradoxically confronting them. While functional accountability survives through changing regulations and directions of state apparatuses demanding to see NGO's accounts for legitimacy purposes and appearing to enact regulation within the dominant hegemony, BRAC has become large conglomerates, and their more effective delivery of social and economic welfare programs give them an appearance of an 'alterative state' and reinforces their advocacy. To this end, they involve beneficiaries through continuous social accountability practices, but due to their desire to be financially independent, they maintain a commercial orientation based on neoliberal ideals being propagated in LDCs.

1. Introduction

Drawing on Gramscian (1971) and neo-Gramscian ideas, critical accounting researchers have examined accounting's role in constructing a dominant hegemony that legitimates dominant power relations and helps the ruling class gain consent of the ruled (Alawattage and Wickramasinghe, 2008; Cooper, 1995; Girei, 2022; Goddard, 2002; Levy and Egan, 2003; Li and Soobaroyen, 2021). Nevertheless, this dominant hegemony may not prevail when civil society, which Gramsci called an alternative state, challenges it. In so doing, 'organic intellectuals' develop and exercise their cultural moral leadership and promote inclusive approaches to engage civil society in projects such as poverty alleviation through civil society movements or private associations such as non-governmental organizations (NGOs) (Gramsci, 1971). These agents motivate and educate subaltern populations to organize themselves as a

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historical bloc potentially deploying social accountability practices to challenge exploitative practices (Kurtz, 1996). However, challenging dominant hegemonies by developing counter-hegemonies, and how accountability [demanding/giving reasons for one's conduct (Roberts and Scapens, 1985)] is associated with this is not well explored in critical accounting research, despite interesting related debates within sociological research (see Comaroff and Comaroff, 1991; Fox, 1989; Kurtz, 1996; Laclau and Mouffe, 2014). From a sociological point of view, we see that NGO accountability is associated with hegemony because it manifests NGOs' role and power; their relationships with the state, donors, and civil society; and reproduces cultural and moral leaderships, political ideologies and organizational discourses.

Sociological researchers have examined how cultural and moral leadership within civil society in different countries have developed counter hegemonies through a 'war of position' rather than a 'war of manoeuvre' (see Cox, 1983; Kurtz, 1996). For example, during the Russian revolution, when there was little effective resistance from the rest of civil society, the vanguard party, aided by the state's administrative and coercive apparatuses, developed a 'war of manoeuvre' and established a new hegemony. In contrast, in Western Europe, where civil society was relatively strong, a 'war of position' slowly developed and laid foundations for a reformed state and a counter hegemony. These two extremities are clear conceptually, as Cox (1983) argued, but they prompt empirical questions about what alternative institutions, practices, and intellectual resources need developing and mobilising in different contexts to gain a 'war of position' and establish a counter-hegemony.

In critical accounting research, most studies traced how accounting is implicated in manufacturing consent and reproduces hegemonies (Alawattage and Wickramasinghe, 2008; Cooper, 1995; Goddard, 2002; Levy and Egan, 2003; Li and Soobaroyen, 2021). For example, Li and Soobaroyen (2021) analyzed how China's multinational state-owned enterprises and its managers conceive of, and use, accounting, and control practices to further the state's international political and economic objectives drawing upon neo-Gramscian concepts of hegemony. However, how NGOs evolve as a civil society instrument, help develop counter hegemonies, engage in a 'war of position', and therein exercise accountability in less developed countries (LDCs) have received little attention despite the growing sociological attention to this. Based on fieldwork in Bangladesh Rural Advancement Committee (BRAC), the world's largest Non-Governmental Organization in Bangladesh, focusing on a Gramscian perspective of hegemony, this paper examines whether and how BRAC's cultural and moral leadership helped build a counter-hegemony and extended its functional accountability into social accountability.

Why study NGOs, their accountability, hegemony, and BRAC? First, NGOs are major economic and socio-political institutions, especially in LDCs. They have grown rapidly because influential actors, especially donors and transnational financiers, believe they deliver development programmes more effectively than alternative providers, especially the state (Agyemang et al., 2017; Ahmed and Hopper, 2015; Gray et al., 2006). Given many states' tendency to corruption, bureaucracy, politicisation, and insufficient capacity, allegedly NGOs represent a 'third way' of development distinct from market and state solutions (Agyemang et al., 2019; Cordery et al., 2019; Edwards and Hulme, 2014; Gauri and Galef, 2005; Unerman and O'Dwyer, 2006a). Moreover, many NGOs claim to be advocates of civil society, especially the poor and marginalised (Awio et al., 2011; O'Leary, 2017); having a long-term impact upon sustainability (Agyemang et al., 2019; O'Dwyer, 2010; O'Dwyer and Unerman, 2008), and delivering accountability consistent with their mission and democratic values of shared direction, solidarity, cooperation and transparency (Gray et al., 2006; Hall and O'Dwyer, 2017; Lehman, 2007; O'Leary, 2017). Thus, many NGOs constitute social movements seeking, *inter alia*, to increase democracy, human rights, and grassroots political involvement (Islam and van Staden, 2018; Martinez and Cooper, 2017).

However, despite being fashionable, NGOs are controversial, in LDCs, especially in Bangladesh, for many are service-advocacy hybrids. They are dependent on foreign aid and state support and must operate within state guidelines (Ang and Wickramasinghe, 2022). Pragmatics of survival and accountability to the powerful (donors and the state), especially within unstable and unsympathetic local and global political environments, may displace or hinder NGOs' accountability to and advocacy for beneficiaries and civil society. Some civil society members question their efficiency, transparency, and incorruptibility; and whether diversions of funds to them have weakened the state and democracy (Chowdhury, 2017; Chowdhury and Willmott, 2019; Karim, 2016; Muhammad, 2009). Regarding BRAC, some allege its growth and commercialisation has come at the expense of its poor clients (Mair and Marti, 2009; Mannan, 2009; Siddiquee and Faroqi, 2009).

Second, why study accountability? 'Functional' accountability based on conventional, technical, formal, economic, top-down accounting reports for funders stand accused of partiality. Also, NGOs are poorly regulated in many LDCs, including Bangladesh, leading to secretive undemocratic decision-making, low governance standards, and occasional scandals. This has prompted articulation of 'social' accountabilities that are: informal; participative; serve multiple constituencies; permit pluralistic negotiation; and incorporate multidimensional socio-political and ethical issues. In response, and to demonstrate effective use of aid, foreign donors and state agencies have revitalised functional accountability practices. However, NGOs must demonstrate achievement of their moral and social mission to gain legitimacy, e.g., beneficiary involvement, democracy, and pursuing broader development ends. Consequently, some NGOs and funders ignore functional accountability for operational purposes and seek or practice more socially oriented means (Awio et al., 2011; Dewi et al., 2021; O'Leary, 2017; Uddin and Belal, 2019; Yasmin and Ghafran, 2019). Nevertheless, there are concerns that pressures for functional accountability may divert attention from social accountability.

Third, why relate accountability to hegemony? We argue that hegemonic structures of power (see below), whether emanating from government agencies or NGOs, govern accountability. In LDCs, when the state is powerful, NGOs can become subject to state regulations requiring functional accountability but when it is weak, they seek civil society consent through more socially oriented accountability. Given the state and NGOs both engage in giving and receiving accounts, try to win consent, and are often interlinked and interdependent, accountability mechanisms operate within a complex network, whereby actors balance conflicting accounts from the state and civil society (Alawattage and Wickramasinghe, 2008). Rulers may secure civil society consent through state coercion but normally it requires acceptance of their ideology (Alawattage and Wickramasinghe, 2008; Burawoy, 2003; Li and Soobaroyen, 2021).

Some NGOs, especially advocacy ones, portray an alternative vision, but to be perceived as representing civil society, they must be 'participatory' and 'accountable' to subordinate social groups (Kebede, 2005; Worth and Kuhling, 2004). However, whether NGOs do or can emancipate civil society has been increasingly questioned given they must work with and often rely on funding from Western donors and/or the state who favour market-based reforms. Thus, the heralded 'third way' may reinforce hegemonies of Western donors or only produce reformist change (whereby weakened rulers make concessions without significantly changing power relations and social structures). Whether NGOs can build new stable alliances of possibly divided social groups within civil society to ideologically challenge the status quo and induce fundamental socio-economic change is questionable (Hossain and Sengupta, 2009).

Why study BRAC's accountability and whether and how it has made hegemonic changes? NGOs have grown rapidly in Bangladesh – colloquially called the NGO capital of the world (White, 1999). Since independence, Bangladesh has suffered recurrent famines, non-democratic political rule, and natural disasters. Unstable political and military rule has ensued, with democracy re-emerging in the mid-1990s. White (1999, p. 10) labels Bangladesh a 'weak state' in a 'strong society'. The range of social, economic, and political interests lobbying the state suggests a dynamic, strong society but development has been constrained by dysfunctional government, constant political mobilisation, and widespread corruption. Public agencies, including state-owned enterprises are corrupt, wasteful and inefficient[1] and countless reports on reform have made little difference (Uddin and Hopper, 2003). Nevertheless, Bangladesh has exceptional social entrepreneurship leading to many NGOs being created (Gauri and Galef, 2005; Siddiquee and Faroqi, 2016). Donors and development researchers believe that NGOs deliver development services to the poor and landless more effectively than government agencies hence they have supported their rapid expansion, especially through microcredit programmes, which have radically altered development practices[2]. Some development NGOs like BRAC, Proshika, and ASA are now well-established large institutions providing microfinance and services like sanitation, education, and health care to micro-enterprises and the poor, especially in rural areas. However, NGOs have been accused of 'displacing government' and becoming a substitute for governmental social services (Wright, 2012).

BRAC began as a small relief organization in 1972 with 72 staff and USD391,000 donor funds to resettle refugees from India after the War of Independence in 1971. Now it is a major hybrid NGO (service delivery and advocacy) with over 100,000 staff providing services to 110 million poor men and women with an annual budget of USD 1,417 million (BRAC, 2019). Its operations have expanded to ten other countries. Throughout, its foci have adapted to changing aid disbursements and policies, i.e., from development imperatives (1972–1990) to institutional imperatives (1990–2000) to market imperatives (2000-onwards). Its current mission is "to empower people and communities in situations of poverty, illiteracy, disease, and social injustice…. through economic and social programs that enable men and women to realize their potential" (BRAC, 2019, p.8). Its activities include farming, fisheries, a university, schools, and a bank. In the last decade it has undertaken more commercial activities to lessen its dependence on governments and donors, and to fund its altruistic programs for the poor (Bocken et al., 2016; Mannan, 2009; Smillie, 2009; Zaman, 1997). Given BRAC being the largest NGO serving the poor; its national and international reputation for innovatory and effective delivery of services; its influence upon the development policies of donors, other NGOs, and Bangladeshi governments; and especially in Bangladesh, the current controversies about its role and practices, it has attracted international attention. Thus, it is an important site to study how its accountability developed, especially whether its accountability has been functional or social, and its accountability has reproduced dominant hegemonies or have constituted a counter-hegemony.

The paper is structured thus. Section 2 discusses the key theoretical concepts, namely NGO accountability, hegemonic change, and their inter-relationship. Section 3 describes the research methods. Section 4 examines how its accountability and hegemony developed. Section 5 discusses the findings leading to the conclusions.

2. Theoretical framing

2.1. NGO accountability: Functional and social perspectives

Research on NGO accountability has grown (Agyemang et al., 2019; Cordery et al., 2019; Guthrie and Parker, 2012; Parker, 2012; Unerman and O'Dwyer, 2006a). Generally, "accountability denotes the exchange of reasons for conduct to explain and justify what one did or did not do" (Messner, 2009, p. 920). Arguably, two forms of accountability exist – functional and social.

Functional accountability (O'Dwyer and Unerman, 2007) covers "spending designated monies for designated purposes" (Najam, 1996, p. 342). Conventional accounting reports formally represent short-term organisational actions regarding tangibles, like expended resources and immediate accomplishments, using impersonal rules and predetermined technical, quantitative financial categories (Boomsma and O'Dwyer, 2018; Ebrahim, 2003a; Khan, 2003; Messner, 2009; Najam, 1996; O'Dwyer and Unerman, 2007; Unerman and O'Dwyer, 2006b; Unerman and O'Dwyer, 2012). These help external institutions, especially funders and regulators, to determine whether an NGO is delivering its contractual obligations efficiently (O'Dwyer and Unerman, 2007). Functional accountability is effective when internal efficiency measures tally with external constituents' needs, e.g., economically efficient delivery of services, or monies spent as appropriated. 'Patrons' – usually donors, governments, and foundation trustees, often drive functional accountability. Their contract with the NGO can create a legal, hierarchical and top-down hybridized form of governance (Johnston

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[1] Bangladesh is a very corrupt country as per the Transparency International (TI) Corruption Index (see TI website).
[2] Multilateral development agencies such as World Bank, International Monetary Fund and European Community increasingly advocate the NGO model of development and insist governments collaborate with them. See World Bank Report on Poverty Reduction Strategy Papers (PRSP), https://www.worldbank.org/en/results/2018/11/15/bangladesh-reducing-poverty-and-sharing-prosperity.

and Gudergan, 2007). However, functional accountability has dangers. It may bring rule-bound reports on mechanistic project ends; prioritise efficiency over efficacy, i.e., be restrictive and partial (Boomsma and O'Dwyer, 2014; Messner, 2009; O'Dwyer, 2010); prioritise rational, one-way decision-making (Johnston and Gudergan, 2007); reproduce organisations as self-interested economic agents that primarily justify its actions to itself (Conway et al., 2015; Shearer, 2002); elevate funders' concerns over those of other groups served (Ebrahim, 2003a; Najam, 1996) and divert attention from their ethical and political aims (Shearer, 2002). This is worrisome, for advocacy NGOs' missions transcend efficiency. Many seek to give voice and influence to disadvantaged groups; promote transparent democratic governance; and protect the environment (Boomsma and O'Dwyer, 2018; O'Dwyer and Boomsma, 2015; Unerman and O'Dwyer, 2010). If their governance and accounts do not enable all stakeholders to monitor their goals, aspirations, mission, values, and performance, the NGO is open to charges of hypocrisy.

Accountability is linked to accounting representations (Roberts and Scapens, 1985) but social accountability should be multifaceted; embrace multiple stakeholders (Najam, 1996); be two-way (Dixon et al., 2006); assess the utility of projects to all stakeholders (O'Dwyer and Unerman, 2007; O'Dwyer and Unerman, 2008); monitor the NGO's achievement of core mission and values (O'Dwyer and Unerman, 2007; Sinclair, 1995); and incorporate broader social, political and ethical factors (Messner, 2009; Roberts, 1991). This presumes individuals have a moral right to participate in decisions affecting them irrespective of power (O'Dwyer and Boomsma, 2015; Spence, 2009). Thus, accountability is relational, i.e., justifying self to others involves exchanging accounts, and identifying stakeholders and their needs must transcend functional accountability (O'Dwyer and Unerman, 2007). This resonates with development researchers' advocacy of plural forums of democratic governance that expand stakeholder involvement through discussion, beneficiary participation in local institution-building, and collaborative partnerships with governments and other NGOs, to make NGOs more responsive to beneficiaries' needs (Awio et al., 2011; Dewi et al., 2021; O'Leary, 2017; Uddin and Belal, 2019; Yasmin and Ghafran, 2019). Such social accountability is informal, qualitative, open, without pre-designated categories of representation, and contains multiple narratives, possibly in face-to-face, oral interactions (Messner, 2009). Above all, it seeks dialogue within asymmetric power relations. Reconciling functional and social accountability may produce tensions (Ebrahim, 2003a) as the former is externally driven, top-down, prescriptive, sometimes punitive, and oriented to funders, whereas the latter reflects on interests served, denied, or occluded; and may reconstitute power relationships and negotiations. Moreover, social accountability may have ethical limits given the multiple actors involved, their potential demands, and factors needing transparency (Messner, 2009; Roberts, 2009).

Nevertheless, social accountability implies hegemonic changes whereby the 'community' becomes an arbiter of accountability and development (McKernan and MacLullich, 2004). NGOs become civil society actors serving the social logic of citizens not the state (Gramsci, 1971) and/or unfettered market forces (Alawattage and Wickramasinghe, 2008; Kebede, 2005; O'Leary, 2017). Consequently, social accountability is a political process involving powerlessness not merely material need. It implies providing services beyond the state's purview, advocating for and mobilising the poor, promoting political and market freedom, and making the state more accountable. Given the centrality of objective and subjective dimensions of power for accountability, this research, like others, turned to Gramsci's (1971) theory of hegemony.

2.2. Hegemony, cultural and moral leadership, and accountability

Gramsci did not clearly define hegemony – its meaning must be implied from his references to it. Hegemony is the ensemble of ideological, economic, and institutional structures whereby rulers from dominant classes or class factions, through their privileged access to social institutions, e.g., the media, propagate values and exert their control over politics and the economy (Gramsci, 1971). These values underpin a 'dominant ideology'[3] portraying how dominant groups' interests are in the interests of all. Myths constructed around its political ideologies detaches people from their past struggles, deters them from seeking change, inclines them to learn their oppressors' interpretations of political action, and thus helps gain their consent (Im, 1991; Katz, 2006; Mantzari and Georgiou, 2019; Mouffe, 2014). Dominant classes can attain and maintain political power through coercive state institutions like the military, police, law enforcement, and prisons, but how they maintain power does not rest entirely on overt inculcation and censorship but 'also and especially the ability to define the parameters of legitimate discussion and debate over alternative beliefs, values and world views' (Sallach, 1974, p. 166). Granting people sufficient cultural freedom, material goods, and political power can gain their preference for participating in the dominant system. Here, hegemony constructs 'consent' through political and material accommodations with other social groups, and ideologies conveying mutual interests but the ideology and economic and political structures are temporarily and loosely coupled (Goddard, 2002; Levy and Egan, 2003).

Hegemony does not reside in a purely instrumental alliance between classes. Civil society retains individuality and its own ideologies and hegemony diffused by political parties, trade unions, churches, families, courts, charities, religions and, of course, NGOs. For Gramsci, civil society is a hub of social and power relations. Its institutions connect society and the state but can also be *places of manoeuvre* that unseat traditional state-subject hierarchies by promoting alternative political and social goals, and democratic values (Katz, 2006; Kebede, 2005). Its "creation of a higher synthesis so that all its elements fuse in a 'collective will' … becomes the protagonist for political action throughout that hegemony's entire duration'' (Mouffe, 2014, p. 184).

How do counter-hegemonies develop? A social group maintains its hegemony through 'domination' and 'intellectual and moral leadership' (Gramsci, 1971, p. 57). 'Organic intellectuals', the 'thinking-section' of a social class, are deemed crucial for creating a counter-hegemony and persuading 'traditional intellectuals' (Gramsci, 1971). They help various organizations, institutions, media and

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[3] Dominant ideology in any society is a set of common-sense assumptions that legitimise the existing distribution of power and have 'the conception of the world of the leading group' (Gramsci, 1971, p. 421).

intellectuals to construct, organize and promote 'truths' which become a culture[4] and a force for resistance against the dominant hegemony. They gain subalterns' consent through establishing cause and effect relationships between people, and their socio-economic and political ramifications. Gramsci termed this an *'organic crisis'* where a *historical bloc* emerges: a relatively stable time and space where dominant alliances among social groups, realign material, organisational, and discursive formations into stable but fresh production relations and meanings (Levy and Egan, 2003; Mantzari and Georgiou, 2019; Yee, 2009). Gramscian researchers treat such resistance as counter-hegemony, which is more than dissidence and conflict – it comprehensively critiques power and alternative notions of society (Burawoy, 2003; Girei, 2016; Im, 1991; Kebede, 2005; Levy and Egan, 2003; McSweeney, 2014). It constructs a different and radically democratic hegemony based on a shared direction, solidarity, cooperation, and communication (Girei, 2016; Im, 1991; Levy and Egan, 2003). When the ruling class loses its consensus and is 'dominant' only through coercion, its hegemony is weakened and can be replaced.

Gramsci outlined two strategies commonly adopted to redefine consensus – a 'war of manoeuvre' that uses frontal assault and a 'war of position' that slowly conquers the 'trenches' of civil society before seizing state power (Gramsci, 1971, p. 243). In a reformist *'passive revolution',* weak hegemonic groups make extensive concessions, often in the guise of populist or nationalist programmes, and try to preserve aspects of social structure (Levy and Egan, 2003, p. 806). Gramsci argued that replacing the dominant groups' in modern societies requires a strategic 'war of position' on the terrain of civil society – not futile frontal assaults against entrenched adversaries that can bring suffering to the masses. This is directed at convincing cultural institutions of civil society to seek the alternative hegemony and win new allies. It involves a lengthy ideological and economic struggle across multiple bases of power. It contests not only the prevailing hegemony's legitimacy and its major agencies and structures, but also incorporates the common sense that binds civil society together (Im, 1991; Levy et al., 2003; Levy and Egan, 2003; Worth and Kuhling, 2004). Gramsci (1971) recognised a war of manoeuvre is political and initially is a question of winning positions to stop the dominant group mobilising all its resources to resist the counter hegemony. However, when these positions lose their value and decisive positions are at stake then siege warfare ensues. A "siege is reciprocal one, despite all appearances…" (ibid, p. 233). The slowness of transitions must be understood in relation to these two reciprocal tendencies.

Few NGOs promote a 'war of manoeuvre', partly because the state retains many powers over them. They tend to consent to the hegemony of dominant groups (state or donors) taking ensuing benefits or pursuing incremental change on behalf of disadvantaged sectors of civil society, i.e., a reformist *'passive revolution*'. When NGOs accede to prevailing hegemonic and institutional structures of power and money, they must maintain functional accountability to survive. The danger of accepting a 'ruling culture' is that the vision of purportedly reformist NGOs becomes focused on satisfying dominant groups, not civil society, and inadvertently reinforcing the status quo rather than fostering a counter-hegemony (Kebede, 2005; Levy and Egan, 2003).

During their embryonic stage, survival dominates an NGO's goals. They may be altruistic but must comply with prevailing state regulations and donor's reporting requirements to exist. However, many LDCs have weak governments with questionable hegemonic positions and, as NGOs become larger and more independent, many try to help establish a counter hegemony – often more social and democratic. This has implications for their accountability. Confronted by a powerful state hegemony, especially if smaller and financially dependent on money and power, NGOs will maintain functional accountability to mark conformity to the prevailing hegemony, albeit it becoming 'ceremonial' (Nor-Aziah and Scapens, 2007, p. 215). If accountability is poorly regulated or clashes with core values, then NGOs ritualistically 'send' financial reports; state authorities 'collect' to demonstrate 'good governance', and everybody assumes that 'actions' resemble 'reports' (Johnston and Gudergan, 2007; Najam, 1996). However, if NGOs become more involved in civil society, their legitimacy can rest on demonstrably helping formulate an alternative hegemony within a historical bloc – a 'war of position'. Social accountability may facilitate this, e.g., through continuous dialogues with community members, intellectual debates on public media, and fulfilling non-calculable, moral obligations.

The two forms of accountability (functional and social) arguably reflect two hegemonies: an orthodox one held by money and power and a counter hegemony held by NGOs on behalf of civil society. Each has implications for governance. Embryonic NGOs often must demonstrate their subservience to orthodox hegemony by adhering to the state's rules and regulations, including the production of functional financial reports. However, when NGOs become larger, they can continue as previous or overtly promote an alternative hegemony on behalf of sectors of civil society. This changes relations with donors, governments, local communities, and the media. As NGOs expand their service provision and advocacy, and demonstrate, partly through social accountability, they may show they are closer to communities and provide better services than states with weak and changing governments, especially if they are prone to scandals and controversies. Since the 1990s, NGOs' policies, with support from international donor communities have encouraged the development of social movements. Hence, more advocacy and rights-based NGOs have emerged and became hegemonic (O'Leary, 2017). Alongside this, growth strategies have emerged premised on the belief that large NGOs with many employees and diverse projects, some commercially oriented, can become self-financing and independent, and supply more social programmes to educate and empower beneficiaries and thence help them better challenge orthodox hegemony.

Table 1 summarises our review of the links between accountability and hegemonic transformation. Accountability is decomposed into goals, focus, form, governance, and hegemonic order. The basic argument is that NGOs will pursue functional accountability to satisfy the state's regulatory requirements and funders' performance evaluations to survive. However, NGOs pursuing advocacy based on cultural and moral leadership may exercise social accountability, especially after becoming larger, better established and more self-

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[4] (Gramsci, 1916; also cited in Forgacs, 1988, p. 57 and Kurtz, 1996) defined culture as "organisation, the discipline of one's inner self; the mastery of one's personality; the attainment of a higher awareness through which we come to understand our value and place within history, our proper function in life, our rights and duties".

Table 1
Hegemony and Accountability.

Key components	NGOs & orthodox hegemony: functional accountability	NGOs & counter hegemony: social accountability
Goals	Justifying conduct by complying with coercive arrangements	Justifying conduct by fulfilling social and communal needs
Focus	Calculative apparatus of reporting based on functional accountability	Calculative and communal reporting using formal and social accountability
Form	Technical-rational that legitimates 'good governance' by dominant (hegemonic) class	Social-holistic that legitimates emergent alternative hegemony
Governance	Subordinated to orthodox state and donor agencies, and contractual arrangements of projects and programmes	By an emergent alternative state within civil society gaining consensus by mechanisms such as participation and negotiation
Hegemonic order	Consent by coercive/dominative methods within dominant hegemony and its institutions	Consent through collaboration by creating historical bloc, waging war of position, and improving leadership and learning

sufficient. Whether this was so in Bangladesh with respect to BRAC was the focus of this research.

3. Research methods

The fieldwork started in June 2002. The first author (hereafter called the researcher) conducted a pilot study that established cooperation, access, and information on BRAC's accounting system. He conducted 7 semi-structured interviews, visited the training centre in Gazipur, and collected available and relevant documents. This established key issues for further investigation in the main study, where 97 interviews, lasting thirty minutes to three hours, were conducted from December 2002 to May 2003 with follow ups in July 2004, July 2006, January 2009, May 2011, February – April 2012, March-April 2015, August 2016, and April 2017.

As Table 2 shows, the interviews covered senior to field level BRAC staff, beneficiaries, government regulators from the NGO Affairs Bureau (NGOAB) and the Palli Karma-Sahayak Foundation, civil society representatives, foreign donors/funders, prominent business leaders, and senior officials/founders from other large NGOs. Feedback to management helped maintain relationships and mutual trust. The range of interviewees helped validate data and provide different perspectives on BRAC's growth and policy changes. For example, two NGOAB officials established the perceptions and expectations of NGO regulators, the Governments' position on NGOs, and drawbacks of curbing them; civil society representatives, one of whom had filed a case against BRAC, and prominent business leaders provided information on NGO accountability and their hegemonic roles; and officials from another big NGO offered different perspectives on NGOs and BRAC.

The researcher addressed the key research questions, namely: whether and how a development NGO exercised cultural and moral leadership to manifest a 'war of position' and whether and how its functional accountability extended to social accountability in this process. Each research question was broken down into themes such as accountability, controls, and power. These were related to the accountability practices, and relationships with employees and external parties (government agencies, business partners, customers, and the public); the effectiveness and efficiency of operations; and employee motivation. Data triangulation helped validate findings on the issues, explanations, expressions, and their context. Care was taken to mesh the researcher's outsider perspective with that of insiders on how the participants experienced, enacted, used, and perceived accountability.

The data was enriched by moderate participation by the researcher who had a desk in the Finance Department at BRAC's head office. This enabled him to interact, observe and casually talk with members. He also attended various small, informal social gatherings, five internal meetings, and eight field-level weekly Village Organisation (VO) meetings. The observations and ensuing social interactions were invaluable for understanding BRAC's programmes and activities, its financial record-keeping routines, organisational issues, and their social context. Often unplanned meetings turned into lengthy interviews akin to formal and pre-scheduled ones. Throughout, field notes were taken during or immediately after each session to capture the thoughts of actors, events that occurred, the situation, contents of discussion/dialogues, and native phrases and terms used. Data was validated by continuous comparisons of interviews at different levels with observations and the documentary analysis.

Being the largest NGO in Bangladesh, BRAC has received much media attention. National and international newspaper and press coverage on BRAC from 1972 to 2017 was searched in the 'Industry Name/subject' of the *Dow Jones Factiva search menu* using the keywords 'controversy', 'corruption', 'allegation', 'advocacy', 'success', 'accountability', 'management' and 'control'. Each article was examined for stories concerning BRAC's accountability and transparency. Articles related to BRAC's accountability were identified and reread to identify relevant issues. This material complemented the data from interviews and observations. After the field visits, the authors collectively reflected on how the empirical data informed the theoretical issues (in Section 2). Having fresh eyes from the other authors helped us to be 'detached' from the worldviews of the respondents and BRAC's development of accountability and becoming a large commercial venture. The study does not claim to be objective in the positivistic sense, i.e., controlling variables and testing relationships quantitatively. In contrast, as a participant observer, the researcher was personally involved, open, willing to listen to others, observed what they do, and tried to represent and respect their views as much as possible and gain a grounded understanding of BRAC.

Table 2
Data Collection Summary.

Role	Interviewees	No. of People	Duration and No. of Meetings	Dates
BRAC Senior Staff	Chairman, Governing Body members, ED, Managing Director, Deputy Executive Directors, Chief Financial Officer, Directors, Head of Programs	12	25 h; 24 meetings	June 2002; December 2002-May 2003; July 2006; February–April 2012; March-April 2015; April 2017
BRAC Mid-level Staff	Program Managers, Divisional Manager, Regional Manager, Finance and Accounts Managers, Internal Auditors, Regional Accountants	16	15 h; 23 meetings	June 2002; December 2002-May 2003; July 2006; February-April 2012; March- April 2015;
BRAC Field-level staff	Area Office Managers and Accountants, Branch Managers, Program Organisers	11	9 h; 14 meetings	December 2002-May 2003; July 2006; February-April 2012
Civil Society Representatives	Civil Society Members, Professors, Development Academics	5	4 h; 5 meetings	December 2002-May 2003; February-April 2012
Government Regulators	NGOAB and Palli Karma-Sahayak Foundation Officials	4	2 h; 4 meetings	December 2002-May 2003
Donors/Funders	Fid and DLO Officers	2	3 h; 2 meetings	January-May 2003
Competitors	Other NGO Senior Officials, Business Leaders	3	2 h; 5 meetings	December 2002-May 2003; March-April 2015
Beneficiaries	Women Beneficiaries, Male members/husbands of Women Beneficiaries	11	9 h; 16 meetings	June 2002; January-May 2003; July 2006; March-April 2012; February-April 2015;
Ex-Staff	Ex-Staff of BRAC	3	2 h; 4 meetings	January-May 2003; March-April 2012;
Total		67	70 h; 97 meetings	

4. Findings

4.1. The case context

Mr. F.H. Abed founded BRAC in January 1972 to rehabilitate villagers in the *Sulla* area of *Sylhet* (now *Sunamgonj*) after the Independence War. A year later 14,000 homes were rebuilt, hundreds of boats built for fishermen, and several medical centres and essential services established (Chen, 1983; Lovell, 1992). BRAC then formalised its status[5], changed its name[6], and turned from relief to development projects funded largely by aid agencies. With their help, BRAC executed a relief and rehabilitation program in 1973, followed by a community development program which included agriculture, fishery, rural crafts, adult literacy, health and family planning, vocational training for women, and constructing community centres in 200 *Sulla* villages. BRAC organised cooperatives for the poorest and prompted debates on building 'human infrastructure' in Village Development Committees. In 1975–76 BRAC shifted its focus to women's needs in 30 villages in *Jamalpur*, a very poor area. The *Manikgonj Integrated Programme* in 180 villages near Dhaka developed poultry, sericulture, and livestock interventions; undertook the first government facilitation program; tested some health interventions; and developed a paralegal program (Howes and Sattar, 1992). In 1979 BRAC established the national Oral Therapy Extension Program to teach women how to combat diarrhoea, a cause of high child mortality (Lovell, 1992) and in 1986 it undertook a Child Survival Program with the government on immunisation and primary health care. In 1985, BRAC began running failing rural community schools in the Non-Formal Primary Education program. By 2011, 1.1 million students (70% girls) were enrolled in 37,000 BRAC schools providing four years of non-formal primary education. Almost 5 million children gained basic education of which 95% enrolled in secondary schools. These programs taught BRAC how to be effective and efficient, gave it the confidence to expand geographically, and laid the seeds to diversify, move into microcredit, grow further, and through commercialization become more independent of donors (Bocken et al., 2016).

The Rural Development Programme (RDP) introduced in 1986 pursued an integrated strategy to reduce rural poverty. It incorporated programs and building institutions for education and training; credit and savings operations; generating income and employment; developing grass-root organisations for the landless; increasing their environmental awareness; and improving their work and living conditions. Initially, loans repayable within a year mainly went to small-scale, largely traditional activities, but it became apparent this would only marginally increase living standards (Howes and Sattar, 1992; Lovell, 1992), so a Rural Enterprise Programme (REP) experimented with ideas, technologies and business enterprises to generate new income sources. Its results in deep tube wells, power tillers, brickfields and shrimp culture indicated the need to expand their business enterprises and provide extended credit.

BRAC explored ways to make credit operations self-sustaining without losing the institutional intermediation activities and donor support. In 1989, the BRAC management drafted a 'two-stage programme' proposal for donors to accomplish both purposes. In the first stage, RDP would rapidly expand its integrated strategy including credit and savings services. In the second stage, RDP's mature VOs (at least four years old with sufficient savings and loan activity to cover their operating costs) would graduate to the RCP. Donors

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[5] Today BRAC is registered under the Societies Registration Act 1961 and the Foreign Donations Act 1978.
[6] In 1974–75 the acronym was changed to "Bangladesh Rural Advancement Committee". In 2007, the organisation was renamed to "Building Resources Across Communities." Since then, however, it was decided to drop all such descriptions in favour of the acronym, BRAC.

would fund the RDP, and once VOs became self-sustainable, BRAC would move them to the RCP. Mr Abed discussed the idea with the Netherlands Organisation for International Development Cooperation (NOVIB), the long-term principal supporter of RCP and RDP. It could not fully finance the RCP, so BRAC adopted their suggestion to form a donor consortium.[7] Thus the RCP established its branches by buying RDP's 'mature' area offices. Each had circa 100 VOs, each with sixty to seventy members. The costs of the initial RDP development were borne largely by donors, and operational expenditures were paid from RCP's savings, loan operations and investments. The RCP absorbed the REP, rapidly incorporated more self-sustaining credit and savings operations, and by 1995 it had taken over most RDP projects. This gave BRAC a self-supporting credit institution, funded subsequent bank operations, and increased BRAC's financial independence. By 2000 RCP reached 2 million families. Donors met 47% of its budget (US$111 million).

In parallel, BRAC founded independent commercial enterprises to generate revenue for its development activities and to increase its scale through vertical integration. The first, Aarong, markets and supports rural artisans who produce crafts and textiles by providing designs, quality control, warehousing, marketing, and retailing assistance; skill development training; spot payments; loans; and other benefits. Subsequent enterprises provided, cold storage, food and dairy produce, salt, commercial banking, printing and publishing, tea gardens, life insurance, internet service provision and housing. These now constitute major commercial enterprises. For example, the BRAC Dairy and Food Project, commissioned in 1998, now has the third largest liquid milk plant in Bangladesh with integrated procurement extending from rural dairy farmers to manufacturing dairy products; BRAC Tea Estates, acquired in 2003, employs 3,000 workers and in 2011 its 14,229 acres produced 1,861,301 kgs of tea mainly for export; and in 2001 BRAC established BRAC University. Following successful projects in Afghanistan (from 2002) and Sri Lanka (from 2004), BRAC expanded internationally. Now ten countries including Pakistan, Philippines, Haiti, Tanzania, Sudan, Liberia, Uganda, and Sierra Leone replicate BRAC's models in education, health, microfinance, and agricultural development.

However, BRAC continues to provide services to the poor and disadvantaged, e.g., since 2017 BRAC's program for Rohingya refugees in Bangladesh, near the Myanmar border, provides support for shelters, health facilities, child safety, and basic education. Currently 2,500 staff and 6,100 volunteers work with Rohingya refugees.[8] A BRAC official commented:

"*We serve more than 500,000 people in the Cox's Bazar area, with the broadest programming portfolio of any responder, ensuring that both the host and Rohingya communities can live with dignity and security, until acceptable repatriation opportunities become possible. In addition, we have been providing support to the Government in terms of research and global advocacy*".

In 2019, BRAC's annual budget was circa USD1.5 billion (12,909 crore taka); it disbursed loans of USD 5.09 billion; cumulative micro-finance loans were US$ 2.9 billion with a recovery rate of 96.22%; and total beneficiaries grew from 1,468 in 1974 to 7.4 million (BRAC, 2019). BRAC has been labelled a 'poverty enterprise' (Mannan, 2009) that has achieved financial sustainability by combining low-income poverty market activities with non-poverty business activities. BRAC portrays an image of a 'non-profit' NGO with programs in education, health, and social development, human rights, and legal services; alongside its microfinance and commercial businesses whose profits help fund its poverty alleviation programs (Mair and Marti, 2009; Mannan, 2009). Today its head office is in Dhaka – the capital. BRAC's top layer of governance includes a governing body, an executive director (ED), an advisor, three deputy EDs and eleven directors. The Governing Body has twelve members. All, apart from the chairman, are non-executive, voluntary, and appointed for one year though they are usually re-elected. Its meetings normally occur every two months. Senior staff involved in BRAC's policy and strategic decisions include the Chairman, ED, Managing Director (MD), Deputy EDs, Chief Financial Officer, Directors, and Head of Programmes. Mid-level managers responsible for operational and supervisory activities and executing organisational decisions include programme managers, divisional managers, regional managers/accountants. Field officials include Area Office Managers/Accountants, Branch Managers, and Program Organisers. BRAC's key stakeholders include donors, funders, regulators, beneficiaries, civil society, and officers in other NGOs and businesses, alongside BRAC employees.

4.2. Accountability to state and donors – Money and power

In the 1970s, BRAC only had bookkeepers – the founder (who has an accounting background) often did the accounts. The budget had legitimacy but was primarily ceremonial rather than a cost control tool. Initially, BRAC's functional accountability was lax – it reported on demand to satisfy patrons. Budgets provided some accountability but as a senior officer with 30 years' experience of working for BRAC commented: "*Usually, government officials do not ask about the contents, nor do they monitor the projects effectively. They only ask for their share (indicating bribe!) – so accountability lies mainly on us*". A founder commented, "*Governments were not that much concerned like now. We used to submit a report to the ministry and that's all. It was very easy*". Following a 1978 government ordinance, BRAC filed an annual (activity) report on funding and programme goals, and audited accounts to concerned ministries as required. A founder commented that this: "*didn't create any challenges … they were very much technical and rule-based reporting*". No pre-1990 activity reports were found, though BRAC managers claimed they were done, albeit not as detailed as today and mainly reported financial information.

After the NGOAB was formed in 1990, every annual BRAC activity report was available at head office. They followed the NGOAB's guidelines and the NGOAB has never challenged them. BRAC's accountability to governments primarily covered funding and programme goals. However, as the finance head explained:

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[7] The original nine members were: the Aga Khan Foundation, the Canadian International Development Agency, the Danish International Development Agency, Evangelische Zentralstelle fur Entwicklungshilfe, Ford Foundation, NOVIB, the Royal Norwegian Embassy Development Corporation, the British Overseas Development Administration, and the Swedish International Development Agency.

[8] https://response.brac.net/humanitarian-portfolio/(Accessed: 08.06.2021).

"*Though NGOAB introduced some regulations of how to report to them, it is the donors, not the governments or NGOAB, that influenced us to prepare and publish annual activity reports. NGOAB instructions were limited with some formats: no detailed activity reports were asked for. So, we followed the NGOAB format to report to them but for a wider context we introduced published annual audit reports and annual activity reports*".

The NGOAB concentrated on financial figures and 'results' consistent with functional accountability, i.e., how money is spent, and whether practices conformed to the Comptroller and Auditor General's instructions. NGOs were not legally required to publicly disclose their activities or allow inspection and audit by a government agency, except for complaints and disputes, particularly by the Department of Social Welfare. BRAC's accountability to government through regular 'rule-bound' reports "on mechanistic project ends" created some compulsory visibility but government rarely challenged these. An NGOAB official claimed that "the *government rationale for imposing such stringent control mechanisms is to ensure that all NGOs' programs, including that of BRAC's, is complementary to national plans and policies*". However, other officials complained:

"*We are only 56 members currently working in this Bureau. Most …are …temporary. We don't have that much administrative power. We … only check the prescribed form and cannot do any more. Now there are more than 2000 NGOs registered with us. It is impossible to supervise their activities with so few people. We have sent proposals to Government for the expansion of this bureau, but we have yet to get any feedback*".

"A posting to NGOAB from other ministries is a kind of punishment. You enjoy more power and status working in other ministries but here you only do clerical jobs".

BRAC's accountability to government was functional in design but ceremonial in practice as governments rarely acted on reports.

From 2001, BRAC's annual reports and activity reports have been available on its webpages and supporting enterprises can access more detailed reports. A senior accountant explained:

"*We want to be transparent. Critics say that our supporting enterprises create unparalleled competition as they get favours from development funds. But they don't. That's why we decided to publish [their] reports. …We understand the contents are huge but at least to answer our critics we will continue publishing. If anyone needs more details, we can provide them with whole audit reports which contain more than 200 pages*".

BRAC officials claimed they provide more information to government than legally required. Its Finance Division gained the prestigious 'Consultative Group to Assist the Poor'[9] Award for its reporting for many years. The Chief Financial Officer commented, "*We were awarded it because we maintain a culture of honesty … This recognises that we are on track … other organisations should have transparency and accountability in their operations*". BRAC received awards from the Institute of Chartered Accountants of Bangladesh and the South Asian Federation of Accountants for maintaining high standards of reporting. Similarly, after the 'Microcredit Regulatory Authority Act' of 2006, BRAC has reported its microfinance activities to the Microcredit Regulation Authority (MRA) in a timely fashion and in the prescribed format.

Accountability to donors was initially simple. A BRAC manager recalled how: "*Before 1990 we were not bound to submit annual reports for our budgets and activities. We submitted customized reports to donor authorities who provided funds … but we did not have wider activity reports like now*". Initially BRAC prepared budgets to get funds but donors increasingly wanted evidence of accomplishments. BRAC complied for, as another finance official noted: "*We didn't know whether would get paid as donors' funds were uncertain …we were only concerned to release donors' funds and therefore we put donors' priority first*". Another recollected how:

"*We used to prepare detailed budgets … but they became just things we had to do … We carefully put what donors wanted to see in the reports. …When we could not meet budgets, we blamed other things … like politics, fundamentalism, disasters, bureaucracy, and bribes. Governments' regulations sometimes created delays in releasing funds… but you know how to release funds from government officials*" (indicating bribes to officials).

In 1988, BRAC established a department for internal control. It provided functional accountability to resource providers following their guidelines and performance measures for monitoring the efficiency of services. An official who had worked in BRAC since its inception recalled: "*We had to compromise with the donors' agenda as they had money … Had we not been reactive we could not have survived.*" However, accountability to specific donors was not straightforward. In the late 1980s, BRAC received external support from circa 31 donor agencies and had between 30 and 200 ongoing projects, often in remote areas (see Lovell, 1992, p. 155). Uncoordinated donor missions with disparate disbursement and reporting arrangements taxed BRAC's capacity. It responded in 1990 by establishing a Donor Liaison Office (DLO) to: improve information flows to and between donors and BRAC; manage and coordinate technical assistance and evaluations; review missions; track donor funds release; and assist consortium meetings and their follow-ups. During the early 1990s, donors agreed to shift financing from projects to programmes, pool their funds to BRAC and set common reporting requirements to the DLO, and its six-monthly meetings reviewed each project's finances, statistics, and progress. Sometimes international auditing firms and government-approved local accounting firms' audits and monitored projects for donors. However, given many donors lack adequate resources and personnel to scrutinize the information from BRAC to the DLO, it is difficult to ascertain how much this furthered their direct control. Nevertheless, these alterations made resource flows more predictable, e.g., the DLO financed the Rural Development Programme for five-years, which helped BRAC move towards self-reliance, and donors' influence has weakened as BRAC increasingly generated its own sources of income. BRAC's transparent, detailed, and accurate reporting to sponsors demonstrating it has efficiently delivered donors' desired results has fostered strong mutual relations and led many funders to favour commissions to BRAC rather than Government agencies, and to give BRAC a 'blank cheque' for projects rather than relying on smaller NGOs.

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[9] The Consultative Group to Assist the Poor contains 31 public and private development agencies expanding access to permanent large-scale financial services for the poor in LDCs. Each applicant's financial statements were scored by reviewers from Latin America, Africa, the Middle East, Europe, and North America.

The DLO also helped BRAC switch from compliance to agency and become an intermediary between donors and governments. In 1996 the Bangladesh government established the NGO Consultative Council to: identify issues impeding government-NGO cooperation; develop the policy and institutional environment for this; increase NGOs' involvement in national policy and government development projects; simplify and improve the regulation of NGO activities; and strengthen the NGOAB's monitoring and evaluation capacity. It is a forum for open, two-way dialogue between the government and NGOs, leading to BRAC and other major NGOs becoming significant advocators and negotiators within Bangladesh political and economic circles (Khan, 2003; Mir and Bala, 2015).

BRAC's accountability to donors changed little after 1990s and it continued to reap the political and financial rewards. Increased profits from microcredit activities, commercial enterprises and members' savings helped BRAC reduce its dependence on donors. Their grants increased in absolute terms from US$ 27.3 million in 1991 to US$ 140.09 million in 2016 but decreased in relative terms from 72% to 14% of expenditure. Nevertheless, governments remained important, if often ineffective and corrupt regulators. For example, after the 2001 election, the victorious Four Party Alliance (*Jote*) illicitly used the NGOAB to cancel or delay funding for NGO projects that allegedly aided the opposition. NGOs were not above suspicion. Some had financial irregularities, took foreign loans or grants without proper scrutiny, were undertaking profit-making business ventures, and charged exorbitant interest rates. This brought more government regulation. In 2006, the government established the MRA to make NGOs' more accountable. It issues and can cancel licenses for microfinance operators. BRAC was on the committee that framed the legislation. In 2010, somewhat controversially, the MRA capped interest rates at 27%.[10] However, whatever its opinion of the MRA's actions, BRAC has reported its microfinance activities to the MRA impeccably. Nevertheless, government regulation and accounting rules over NGOs in Bangladesh remained weak. Regular 'rule-bound' reports 'on mechanistic project ends' created some compulsory visibility but rarely precipitated government action (Dillon, 2004; Ritchie and Richardson, 2000; Uddin and Belal, 2019).

In summary, BRAC has been a model of transparent, accurate and timely functional accountability, to both the state, via the NGOAB and to donors via the DLO. This laid the basis for developing embryonic forms of social accountability with donors and, with other NGOs, to governments. This has enabled BRAC to influence longer-term policy and potentially give voice to the clients they purport to represent. The two accountabilities differed: the social accountability, especially within the DLO and the NGO Consultative Council, inclined to negotiation; informality – even oral channels; multiple narratives; often qualitative judgements; and was not governed by predesigned agendas or format, whereas functional accountability followed the precepts of conventional technical-rational accounting. BRAC's new avenues for social accountability did not substitute functional accountability but complemented and extended it.

4.3. Accountability to employees and beneficiaries

BRAC has always been concerned with accountability to beneficiaries. Pre-1990 it did not lack altruism or concern about its social mission but then BRAC was tiny, preoccupied with survival, and ran on a project basis – it was not strategic. It had no formal mission statement. Subsequently its reports explicitly and publicly incorporated its goals of 'poverty alleviation' and 'women empowerment'. A program head commented:

"*We had mission and vision from the start … it has been updated (I would not say changed!) as the situation demanded. … We started for 'rehabilitation' but then we advanced … toward wider community development. Now we think we should consider and work for other irregularities in society [and] mission statements incorporate new problems … [often] discovered through our field level learning*".

A senior BRAC official commented: "*We tried various models to reach the poor for their empowerment. Our initial model failed but we didn't stop trying new things. The research division worked independently to refine our current model*". Recently it described its vision as seeking, "A world free from all forms of exploitation and discrimination where everyone has the opportunity to realise their potential"(BRAC, 2019, p. 8). During the *Sulla* project in the early 1970s, BRAC experimented with village community centres, and health insurance schemes. Educated young village volunteers taught literacy classes and worked in health and family planning. Unfortunately, most experiments failed due to ineffective controls, corruption, and power and status differences amongst villagers. This prompted a fundamental debate about engaging beneficiaries. One group claimed significant economic provision would engender dependencies and undermine empowerment attempts. Instead, the landless should be helped to resist exploitation by mobilising their own resources; focus on wage bargaining; and pressurise governments to provide services. Others felt that BRAC should provide the poor with desperately needed credit, alongside building local institutions. Ultimately, BRAC tested both approaches in the Outreach and Rural Credit and Training Programmes (RCTP) that organised the landless similarly and provided motivation and methods to support savings, but credit provision was confined to RCTP.

The Outreach Program sought to test the limits of what the landless poor could accomplish with their own resources – it provided no economic assistance. It forced members to focus on mobilising existing resources within problem-solving meetings to obtain resources such as seeds, vaccines for animals, fish raising projects and health services from government agencies. By 1986 Outreach had organized 45,000 villagers in 462 villages; their savings totalled $75,000; some got government land for cultivation and access to government programmes, and some bargained for higher wages; and candidates from BRAC groups gained seats in the 1983 *Union Parishod* election, but these achievements proved patchy and short-lived (Howes and Sattar, 1992; Lovell, 1992). The conclusion was that without external support, efforts to increase awareness and organisation of the landless would fail due to their severe economic and political disadvantages.

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[10] https://www.ft.com/content/fd16a1f0-ecea-11df-9912-00144feab49a.

The RCTP emphasised economics. Originally credit was granted with few conditions, but it became apparent that beneficiaries could not generate sufficient funds, were too instrumental and short-term to build institutions, and too weak politically to generate change unassisted. Credit became restricted to members of groups that had met regularly for a year, demonstrated a capacity to save, engaged in collective activity, and had completed a pertinent education course. All loans were made to VOs that disbursed these to members' undertakings. VOs were responsible to RCTP for repayments. Loanees had no bank books – only their management committees dealt with the bank holding the funds. Priority was given to loans with a strong development component. None were made for consumption, or for borrowers to buy land from a member with less land. Repayments started once the project being financed started to generate income.

BRAC's management, aided by a report from its Research and Evaluation division, concluded that Outreach had shown VOs could not generate sufficient savings to finance adequate loan programmes, and credit was integral to development, as RCTP had maintained, but Outreach's emphasis on villagers mobilising local resources was also valuable. BRAC was influenced by the Comilla Model (commonly known as the Grameen Bank or Dr Yunus model), especially in the Outreach programme, but like Dr Yunus, BRAC found grass roots participation often failed due to corruption, subversion, lack of internal controls, diversion of funds, and ineffective external supervision. Consequently, in 1986 Outreach was merged into the RDP. This frustrated some of BRAC's staff who believed a microcredit-oriented RDP would deflect the poor from fighting against exploitative economic and social structures of rural society. Several left BRAC to establish social mobilization NGOs like *Nijera Kori* and *Urban*.

By 2019 BRAC's micro-finance programme had organised over 7.4 million poor people, mostly women. According to Khan (2003, p.274), "*BRAC's accountability to clients [is] … ensured by providing them with improved services and maintaining transparency in all its activities*". BRAC sees VOs as integral to this, as they provide a space for the poor to collectively address key structural impediments to their development and access financial services. A BRAC executive explained how, "*We motivate the isolated poor (including women) to form groups to discuss their problems. We teach and support the group members to exert pressure for their own rights against dominating vested interests, for example, demanding access to water from tube-wells controlled by the elite*". Another BRAC manager commented that, "*we take fees from our beneficiaries so that they will feel that they have a right to criticize and complain about our services. This in turn makes us more effective*''.

In 1988, BRAC established a separate monitoring department for internal control and efficiency of services. Field workers were expected to filter beneficiaries' concerns up the hierarchy to link them with BRAC's mission and its functional planning and control systems. However, field-level staff appeared unmotivated by BRAC's vision of downward accountability. The internal functional accountability system made them concentrate on rendering their job safe by attaining their performance targets and bred instrumental attitudes that inhibited staff from using VO meetings to register beneficiaries' concerns and act accordingly. One commented:

"*If my recovery rate is not good, I will be humiliated at the daily coordination meeting and then, if it continues, I will be terminated. Officially they (senior officials) will not accept this if you ask them, but we have been pressured from senior bosses to maintain our recovery rate 100%. To maintain [this] sometimes we must go to members' houses four to five times a day to recover weekly instalments. Sometimes we feel sorry for them but … I don't want to lose my job*".

An ex-BRAC field worker commented:

"*In BRAC, if you join at field level, you struggle for ever. We used to wake up at 6 o'clock in the morning and had to start work by 7.00 am. When we finished our work, in most days, it crossed 9.00 pm. We had to work during most of the weekend. … Every day I wished to leave the job but when I thought about my family who are dependent on me I couldn't … Those 2 years were a bad dream*".

VO meetings are the crux of BRAC's bottom-up empowerment of beneficiaries and generating organisational learning but as one beneficiary stated, "*we are seldom allowed to make decisions on programmes or budgets or even to participate in monitoring and evaluation*". Instead, field-level staff consulted with managers, assuming they had better skills and qualifications, and focussed on loan collection and savings targets to gain favourable performance evaluations (also see Kabeer et al., 2012; Mannan, 2009). BRAC's internal labour market and functional internal accountability systems clarified tangible performance expectations but conflicted with its development and change ideology and social accountability to beneficiaries through VOs.

The Human Resources Department (HRD) of BRAC has recognised the high dropout rate at field level. Consequently, it downgraded field-level staff positions from 7th (fresh university graduates) to 4th and 5th grade (12-class graduates). This gradually reduced turnover, as the latter have lower expectations than the university graduates, but it also reduced the salaries of field staff, despite them doing jobs previously done by graduates. Critics argue that this amounts to exploitation of cheap labour in an uncompetitive market. Field staff are aware of the unfairness of this, but they do not overtly resist or attack management, because they realise that by conforming to management's demands, they may have a chance in future to earn high salaries and enjoy substantial fringe benefits. The deputy ED commented:

"*It is a wrong accusation against us. We pay moderate salaries. If staff face problems living with this salary, they would quit. But you know I have 29,000 full time staff as well as another 30,000 part time staff. Our turnover rate is below 5 percent, which I think is quite impressive. Well, we can raise the salary structures of our staff. But I think it will create an adverse effect on the job market, for other organisations will also face pressures to increase pay scales*".

Beneficiaries made similar observations about accountability and saw their involvement as instrumental rather than participative. For example:

"*Actually, my husband needs money. … I have joined as a VO member to get the loan but the amount …is not sufficient … I will have to join to another NGO to take another loan*". When asked whether BRAC field staff check how the loan is spent, she replied, "*It's only on some records, no-one asks. They only ask about the weekly instalments*".

"*It's easy to join VO and but hard to leave them. …Now I want to withdraw my savings …but [the field worker] is not listening … He is not telling me clearly what to do next*".

"Accountability? What is that? It sounds interesting to hear that we can ask them to present accounts; even see their activity reports? It's funny but I am glad to hear that we have rights to make them accountable!!" (Laughing).

Thus, participation observed in the weekly VOs meetings failed to generate downward social accountability. Field workers perceived the functional internal accountability system as coercive, and it frustrated both parties' participation. How and whether projects are initiated or modified from the field is unclear, as BRAC neither documents nor analyses discussions at village or branch office levels. This confirmed how financial matters dominate weekly meetings of microfinance organizations, leaving little time for discussions that build people's awareness, analytical capacity, and sense of citizenship (Kabeer et al., 2012). BRAC may be a new 'patron' for the marginalized poor (beneficiaries) but not necessarily a partner. In contrast to its social accountability to donors and government, that to employees and beneficiaries was hierarchical, non-participative, formal, focused on narrow short-term performance goals, and reflected unequal power relations. Neither employees nor beneficiaries had representatives on either the governing or executive boards. Why was this so, especially in an organisation priding itself on staff development and engagement of the poor? Two factors appeared important: *Bhai* culture of loyalty and control, and governance in an organisation founded and led by a charismatic leader.

BRAC has been portrayed as a learning organisation. From its earliest days its HRD has vigorously provided training to upgrade the technical and organisational skills of rural people and staff, and participative, flexible, management (Howes and Sattar, 1992; Lovell, 1992). BRAC spends 7% of its budget on training and staff development. Everyday BRAC receives hundreds of job applications and after recruitment, young graduates get job training on approaches to development, motivation, how to interact with rural people, awareness building, primary health care, operations management, and various specialised skills. Staff training is maintained continually. Nevertheless, many staff expressed frustration resulting in staff turnover due to the type of work, working environment, conflict between programme organizers and lower levels, reluctance to accept discipline, salary dissatisfaction, overwork, new staff being intimidated by frustrated established staff, and being unable to express their opinions and disagreements with Area Managers. A senior manager acknowledged these claims: *"about half of all new recruits could not cope with harsh working and leave BRAC to take up easier jobs elsewhere"*.

We found a division between Headquarter staff and field workers due to religious, educational, status and class differences, and within the Headquarters between experienced, older loyalists and younger, more careerist and mobile professionals. Headquarter hours are regular, staff enjoy more benefits, and tend to follow Western and modern Bengali middle-class lifestyles, whereas field office staff work longer hours, receive less benefits and tend to follow a modern Islamic and secular Bengali culture, closer to that of BRAC's clients. In 2004, BRAC appointed an Ombudsperson, who reports to the governing body,[11] "to investigate any misadministration and misuse of power within BRAC. This includes grievances such as corruption, abuse of power or discretion, negligence, oppression, nepotism, rudeness, arbitrariness, unfairness and discrimination". In 2010, for example, 241 applications from BRAC employees were received: 195 were investigated and 29 supported, of which BRAC accommodated four and rejected five. No information about the fate of the remaining twenty were given, which left the Ombudsperson concerned.

Despite its efforts to the contrary, BRAC has many characteristics of a centralized, hierarchical organisation. Its failure to develop its social accountability to employees and beneficiaries may be partly attributable to the *Bhai* culture that permeates BRAC. Its "personalisation of authority" breeds expectations that junior staff should respect senior staff and be loyal (Maloney, 1988, p. 46), and reinforces hierarchical authority, personalised charismatic leadership, and kinship in speech terminology and allegiances (White, 1999, p. 133). Within BRAC, *Bhai* culture mitigated antagonisms, offset employee fears and grievances, and promoted acceptance of authority, concentrated on Mr. Ahmed, who has received honorary degrees from universities including Manchester, Yale, and Columbia, and in 2010 was knighted by the British crown for his services to reducing poverty. His dominance in BRAC has been uncontested for four decades and he retains significant influence on day-to-day activities where "authority flows downwards and loyalty upward" (Siddiquee and Faroqi, 2009, p. 261). This is reinforced by senior staff linked by clanship. Initially, the BRAC managing 'clan' came from people from the *Sylhet* district like the Chairperson. They have occupied many strategic positions[12], combining their proven professional skills with individual loyalty to the Chairperson. The founder's son-in-law is the current ED of BRAC. His daughter is the MD of BRAC Enterprises, and his son is the Senior Director of BRAC. Outsiders are viewed with suspicion and are less likely to be promoted. Informal networks, often based on allegiance, kinship, or birthplace, pervade BRAC's governance. There are no evident malpractices attributable to this. Given the charisma of BRAC's founder, the familial nature of Bangladesh society and politics, and Bhai culture this is understandable, and many staff did not regard this as unusual. However, it runs counter to transparent, meritocratic governance and has contributed to the lack of social accountability to employees and thence beneficiaries. This raises questions whether the prescriptions, advocated from Western sources, are inadvertently ethnocentric and ill-suited to the context and nature of many Bangladeshi NGOs and their participants' cultural expectations.

4.4. Implications for hegemonic change

4.4.1. Past challenges

After independence, the dominant hegemony promulgated by Bangladesh's undemocratic rulers was state capitalism, which

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[11] https://www.brac.net/search/item/197-who-we-are-governance-good-practices-ombudsperson (Accessed: 08/06/2021).
[12] Those from Sylhet included the ED; the Advisor; Senior Director; Chief Financial Officer; Directors of Research and Evaluation, Monitoring and Evaluation, BRAC Printers and Aarong; Heads of the HRD, the Education Support Programme, and Urban Program; the MD of BRAC Bank; and the Vice Chancellor of BRAC University.

became a vehicle for politicians exercising political patronage to placate sectors of civil society. Since 1990, democracy has prevailed. Throughout, BRAC's education and training programs have enhanced members' literacy, skills; reshaped their orientations, and raised their socio-political awareness, which has contributed to the democratic movement. Compared to governments, BRAC has popular support – in rural areas its services have often been more popular than state-provided ones (Gauri and Galef, 2005; Khandker et al., 2016). BRAC has contributed to reformist change. This might have formed the basis for building a new 'historic bloc', counter-hegemony and consensus within civil society to challenge dominant institutions of money and power but it failed to do so. BRAC's legitimacy based on advocacy of the poor has been increasingly challenged. Why is this so? Three reasons predominate: BRAC's involvement with undemocratic governments; growing criticism of its commercialisation within civil society; and its disputes with other NGOs.

From inception, BRAC maintained close covert relationships with governments. A senior BRAC official explained: "*We wanted to survive in any way we could. We needed funds for that. When donors told us to work with the Government we didn't think much. We took the jobs*". In its early years BRAC consented to the dominant hegemony and reaped the rewards. For example, BRAC closely worked with the autocratic military governments of Zia (1975–81) and Ershad (1982–1990), did not criticize them, and consequently received government contracts. A BRAC founder member remarked:

"*We worked in a very uncertain environment. Abed Bhai*[13] *tried his hardest to manage funds to run the programmes. …We understood the situation. Abed Bhai gave emotional speeches … that our salaries may not be available from the next month … how could you expect that we would go against governments and hit our own feet*"?

However, collaboration impacted programmes, e.g., BRAC's implementation of the Zia military governments' (1976 – 1981) adult education projects produced unsatisfactory results due to civil society's lack of enthusiasm: "Because a countrywide spirit did not develop, hopes for village-wide cooperation were not realized" (Lovell, 1992, p. 28). When the likely success of a popular uprising in 1990 against the Ershad government became apparent BRAC belatedly joined it. When a military backed caretaker government (2007–2008) was formed Mr Abed declined to lead it but a BRAC advisor headed the Ministries of Primary and Mass Education, and Women and Child Affairs. BRAC accepted projects, playing a key role in the 'National Women Development Policy' postponed after opposition, especially from religious groups. BRAC gained sole responsibility to monitor teaching quality of primary schools in 20 *upazilas*. Primary school teachers believed this was a step towards privatizing primary education, despite denials by BRAC. Their leaders refused to negotiate with BRAC stating: "*We are employees of the government, not of any NGOs. So, we cannot sit with BRAC or any NGO to solve our problem – we will only sit with the government*" (Daily Star 2008, June 14). The Association secretary commented "It's just another business by BRAC" (bdnews24.com 2008, June 3).

BRAC programmes have reflected donor and government attitudes to developing grassroots democracy. Allegedly, many donors disliked BRAC's Outreach Programme for the rural radicalism it instilled. Some Outreach members vocally protested about local elites and landowners, injustice, and attacked police stations. BRAC reacted by creating the donor funded RDP, which retained Outreach's social awareness elements but not those on class and political awareness (Lovell, 1992). In 1995, with USAID and Asia Foundation support, BRAC initiated a programme to develop a democratic culture amongst the poor. This failed because participant NGOs believed it inculcated democratic ideologies of foreign aid agencies and countries and ignored Bangladeshi indigenous culture. However, in 1996, BRAC participated in the Local Democracy Education Programme, funded by the same sources, to improve voter education and, post-election, strengthen *union parishads*. This helped generate high voter turnout amongst men and women from poor households and get NGO members elected in the 1997 *union parishad* elections. BRAC's programmes supporting democracy and empowering the poor have followed a contingent reformist approach influenced by, though not necessarily supporting, whosoever is politically dominant. This may be reasonable pragmatically. For example, when its education programmes were criticised for enabling government to evade its responsibility for education, BRAC replied that if the government cannot educate Bangladesh children, others should do so. Its 36,000 schools do not compete with government schools – they take only dropouts failed by the formal system.

BRAC continues to maintain political links. BRAC's immediate past ED has close relationships with the current Bangladesh Nationalist Party (BNP) government. A large NGO's senior officer commented:

"*It was alleged that we campaigned to cast votes for the Awami League (AL) during the last parliamentary election. After taking power, they (the BNP-led government) made our life hell. Our project funds have not been released. Our president was arrested, and we (officers) all were under strict scrutiny. Mr Abed is clever in this respect. He appointed Mr. Muyeed Choudhury as ED of BRAC who developed a hatred relation with AL when they were in power. Mr. Choudhury is in the good books of BNP. So, BNP will not act against BRAC …. On the other hand, Mr. Abed's brother is a sitting MP (Member of Parliament) for the AL; the BRAC advisor is also a member of the AL Central Advisory Committee. So, the AL will also not go against them. Actually, in the AL regime they worked more closely with AL than us. And still with this government they are more tied up. We should have also thought that way*".

Maintaining good relations with governments via informal networks provide useful information flows; enable BRAC to respond to a volatile political environment; and help BRAC and other NGOs cooperate with governments. However, it transcends open, transparent governance contrary to BRAC's mission, and BRAC's willingness to work with whatever regime is in power weakens its position as an advocate of the poor, and stymies it, developing an effective counter hegemony. BRAC's shift to commercial activities compounded this, as it brought adversarial relations with sectors of civil society.

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[13] The Bengali word '*Bhai*' means 'brother'. In Bangladesh senior officials are normally called 'Sir' but in BRAC they are called a 'Bhai'. This is unusual but helps employees to feel closer to their boss but it can reinforce a patriarchal hierarchy.

4.4.2. Being self-sufficient

BRAC has sought greater independence and financial self-sufficiency to fund its poverty alleviation programs by expanding its commercial, for-profit, activities, though it still sought government and especially donor funding. A founder commented, "*We started thinking on how to sustain without aid. …To earn revenue from a separate commercial venture was one of the outcomes*". Another senior official commented how:

"*To reduce dependence on donors, we started setting up commercial ventures, and obtaining ownership of assets such as office blocks, cold storage, printing press, sales shop, university, tea garden etc. Involvement in revenue generating ventures without sacrificing the main objectives of the organisation definitely ensures the sustainability of BRAC and thus helps achieve wider long-term visionary objectives*".

BRAC's expansion and growth has been attributed to 'visionary leadership' (Cho and Sultana, 2015; Smillie, 2009). Its intellectual and educational tools have created a hegemonic position. Its Management Development Programme for staff, initiated in 1990 now extends beyond BRAC, including to many foreign institutions. Many of BRAC's senior staff have undertaken higher study in Western countries, funded by various local and international sources. More than twenty PhD holders in BRAC's renowned and independent Research and Evaluation Division, mainly investigate the effectiveness of BRAC projects (also see Chowdhury et al., 2014). The development of management skills, in a Gramscian analysis, constitutes not 'traditional' rather than 'organic' leadership.

The growing partnership between BRAC, foreign NGOs and bilateral agencies reflects a worldwide trend to channel funds to NGOs rather than governments, with adverse financial impacts on the state in LDCs. External donor pressure over the past two decades, reinforced by a structural adjustment programme prescribed by the World Bank, the Asian Development Bank, and USAID, has led to Bangladesh governments embracing non-interventionist, neo-liberal market-based policies based on privatization, deregulation, and expanding voluntary institutions like NGOs. BRAC has taken full advantage of this to expand in scale, scope and geographically and to increase its commercial activities. However, the latter has attracted criticism from sectors of civil society, especially private businesses, intellectuals, villagers and borrowers, religious groups, other NGOs, and environmentalists.

Private businesses, large and small, have complained that BRAC has an unfair commercial advantage due to the formal and informal subsidies and protections it receives (Stiles, 2002, p. 841). NGOs are tax-exempt, particularly regarding land purchases, so when a large NGO purchases land for dairy firms or pisciculture, it can do this cheaper than private competitors. Businesses are legally obliged to pay taxes in advance, but BRAC businesses' profits have been exempt from paying taxes since, by definition, BRAC is not a profit-seeking enterprise. However, in 2016 the Supreme Court of Bangladesh instructed BRAC to pay around USD 48 million dollars (4.04 billion taka) of overdue tax on its profits which overturned BRAC's successful appeal to the High Court against the National Board of Revenue's demands.[14]

Bangladesh intellectuals have questioned BRAC's commercialization. BRAC established a commercial bank in the mid-1990s to provide financial services for citizens ill-served by Bangladesh's commercial and nationalized banks, the commercial banks, and some government regulators. However, distinguished civil society figures, opposed this. Prof. Mozaffar Ahmed, a leading Bangladesh economist, argued that charitable organizations should not engage in such activities (Sidel, 2004). He petitioned the High Court in 1999, alleging that the Societies Registration Act prevented BRAC entering commercial banking. The Supreme Court majority supported BRAC's commercial activities providing proceeds were taxed and devoted to charitable activities. A worry is that BRAC's drift from 'conscientization' to 'service delivery' means it has retreated from addressing structural constraints to poverty and injustice, and its focus has switched from poverty alleviation to accumulating capital through microcredit and commercial activities (Muhammad, 2006; Muhammad, 2009). For example, a chain of contract farmers now buys hybrid maize seeds on credit from BRAC, which buys the harvest at predetermined prices to supply its cattle feed mills and its bird rearers, whose day-old chicks are then sold on credit to women members who rear poultry, use BRAC feeds, and BRAC buys their eggs and poultry which go to BRAC's automated broiler processing plant that prepares them for sale to a growing retail market. Thus, BRAC creates an internal market of women group members that are transformed into commodity producers for BRAC.

Others allege that microcredit cannot alleviate poverty except for those with other incomes – otherwise it creates a new debt trap for the poor and exploits a culture of shame when pressuring women to repay loans, and whilst its empowerment ideology emphasizes how traditional structures exploit the poor it ignores how neo-liberal market policies create new forms of discrimination and inequality. The fear is that microcredit privatizes welfare to the poorest (Chowdhury, 2017; Faraizi et al., 2014; Karim, 2008); reduces poverty to an economic problem soluble by better access to credit (Karim, 2016), and diverts the rural poor's attention from wider political questions. Microcredit has become increasingly controversial in civil society. Its high interest rates can increase borrowers' indebtedness rather than improving their economic lot. Ironically, the poor may finance poverty reduction programs. BRAC charges a 15% flat rate of interest on the face value of the loan, repaid in 46 weekly instalments. Thus, borrowers only get half of the face value of the loan and the effective rate of interest can be as high as 30% (Gurdian, 2019). Repayments now start one week after the loan starts, which creates problems if businesses need longer to generate returns. They may have to sell what little property they have, with no opportunity to buy it back later with income generated from their business or borrow from a second or third NGO leading to their business income going to repaying loan instalments and interest, rendering them more impoverished than before. This has made many villagers sympathetic to critics of microfinance.

BRAC's focus on finance, microcredit, modern economics, and business has fuelled religious grievances, especially in rural villages, regarding the role of women in development and allegations of 'blasphemy'. Islamic religious leaders proclaim credit operations are anti-Islamic given interest is prohibited in Islam (Ghazanfar, 1981), and they promote de-Islamization and beliefs that Islam cannot

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[14] See https://bdnews24.com/business/2016/08/03/brac-has-to-pay-tk-4.04-billion-in-income-tax-after-bangladesh-top-courts-verdict.

free people from abject poverty. This has provoked major clashes with religious groups. In the mid-1990s they burnt down 59 schools and 66 had to close, and in 2005 four area offices suffered bomb and grenade attacks. BRAC's weak accountability to beneficiaries may have compounded the problem. Many senior staff considered negotiating with religious representatives lay beyond their remit, hence they failed to understand the growth of religious and cultural opposition and vacillated in responding. For example, when many NGOs organised, national protests mobilising a hundred thousand women beneficiaries against a 'blasphemy law' proposed by fundamentalists in front of the National Parliament, BRAC refused to cooperate, claiming there were no toilets for women, it was unclear who would pay for transporting beneficiaries to Dhaka, and no preparations to protect the women against attacks by Islamists were in place. Also, its commercialisation may have encouraged insensitive policies. For example, after the *Sidr Cyclone* in 2007 BRAC initially deferred loan collections for 3 months but following growing criticism, it had to waive microfinance loans totalling one billion takas for cyclone hit areas (bdnews24.com, 06/12/2007); and the Covid-19 pandemic brought nationwide efforts to support those affected. There was a huge media campaign and national protests calling for NGOs to suspend their loan operations, waive interest and behave humanely. The government instructed NGOs to do so, but some, including BRAC, kept pressuring borrowers to repay weekly instalments (jagonews24.com, 19/06/2020).

BRAC has had fractious relations with other NGOs. In 2003, the government acted against the Association of Development Agencies of Bangladesh (ADAB) for it believed its president worked for an opposition party. The leaders of *Proshika* and *Nijera Kori* had pressed ADAB to be more politically active, arguing that if more NGOs promoted popular governance and human rights it would help people elect a better government. According to another large NGO's senior officer, some NGO leaders headed by the BRAC chairman, Mr Abed, tried to replace ADAB's elected executive committee with one that the government would trust, but the ADAB president and most members resisted this.[15] Nevertheless, with government support, a counter-umbrella organization, the Federation of NGOs Bangladesh, headed by BRAC's ED was formed in 2003. The BRAC chairman commented, "*You know Bangladeshi politics. If we didn't form a new association of NGOs, the Government would destroy the whole NGO sector. We had to go with the Governments for the sake of the NGO sector*". However, this divided NGOs, weakened their voice, damaged the Bangladesh NGO sector, and weakened further collaboration.

Other civil society organisations have raised environmental concerns about BRAC's commercial activities. In December 2007, *Nayakrishi Andolon*, a movement of 100,000 farmers, and *the Ubinig,* a social policy research organisation, accused BRAC of being 'unethical' and 'dishonest'. *Ubinig's* ED claimed "*BRAC was complicit in deceiving farmers about the true production costs of hybrid seeds and inflating predicted crop yields"* (Kelly, 2008). BRAC was accused of linking purchases of hybrid rice seed, fertilizers, and pesticide with access to micro-finance loans, which encouraged a mono-crop rice culture causing underground water levels to fall, polluting drinking water with arsenic, and increasing desertification.

BRAC's hegemony and leadership resembles Gramsci's concept of *intellectual leadership* that helps create a new consensus. Trained staff have shaped the orientations of millions of BRAC's members and, through them, other citizens. Compared to governments, BRAC has popular support, especially through its need-based services on development, health, education, and training, and its proximity to local people. BRAC's favourable image has strengthened its social power and influence, in contrast to the negative image of governments. BRAC's focus has gradually shifted from compliance to money and power to exercising agency by mediating between donors and governments and developing commercial enterprises to enhance its financial security and independence.[16] Potentially, this would enhance its legitimacy, enable it to exercise intellectual leadership, and help it influence policy affecting civil society and marginal groups that BRAC purports to represent. However, rather than building consensus within civil society to build a *historical bloc*, its activities have bred divisions, especially with the business community, intellectuals, the labour movement, and the Islamic right wing.

5. Discussion and conclusions

This paper has explored whether BRAC's cultural and moral leadership, intellectual resources, its programs, and its functional and social accountability reinforced the dominant hegemony or helped civil society build a counter-hegemony. Did these promote a 'war of manoeuvre' or a 'war of position'? We argue that both strategies need an appropriate form of accountability. How each was developed and practiced is an empirical issue explored in BRAC as above. Below discusses the implications and draws conclusions from this.

5.1. Accountability in transition

As Section 2 articulated, NGO accountability may, to a greater or lesser degree, be functional and/or social. Functional accountability is more technical, procedural, hierarchical and, especially when directed at donors and governments, can often become ceremonial. In contrast, social accountability is more qualitative, situational, open ended, and more downwards, especially regarding beneficiaries and employees (Awio et al., 2011; Dewi et al., 2021; O'Leary, 2017; Uddin and Belal, 2019; Yasmin and Ghafran, 2019). We examined whether and how types of accountabilities reproduce a 'dominant ideology' serving dominant groups' interests and gains popular consent, or foster a counter-hegemony, civil society resistance and socio-political transformations. Both types of accountabilities manifest the prevailing power relations between dominant and societal groups and how each give reasons for their conduct within this context (cf. Roberts and Scapens, 1985).

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[15] See reports on *Weekly Mredubhason, (2003)*.
[16] Since 1995 BRAC's expenditure was mostly financed internally - by 2019 only 15.4% came from donors, and BRAC's main programme is donor independent.

As detailed in Section 4, in its formative days, BRAC operated within a dominant hegemony of the political state. BRAC then employed a simple functional accountability system: it was slight, informal, and developed spasmodically in response to donors' and the state's demands. From the state's perspective, this indicated the 'consent' of BRAC – a member of civil society. From BRAC's standpoint, providing accounts demonstrated its conformity with state regulations governing civil society and its private associations. However, such accounting and accountability makes civil society and its private organizations submissive to state controls. Demands for and the supply of functional accountability are thus not merely for tracing the 'reasons for one's conduct' (Roberts and Scapens, 1985), but also legitimise the prevailing power-relations between the political state and civil society.

BRAC gradually introduced and experimented with social accountability practices to educate, empower, and involve beneficiaries. Tensions arose within BRAC on and how its programs should or could promote a war of position. However, to survive and grow, and after experimentation with more radical transformative programmes, BRAC operated pragmatically. When governments or donors required more detailed, transparent, functional accounting reports and accountability, BRAC responded impeccably, even exceeding requirements, partly to enact its mission of open transparent governance. This continues today. BRAC's functional accountability systems brought close relations with donors and governments, increased BRAC's influence, especially in donor and government/NGO forums, which incorporated facets of social accountability, albeit in a context where radical changes are deemed impossible. Advocacy NGOs may wish to shift from 'submissive' forms of accountability reproducing the status quo of political society, towards greater social accountability to foster transitions on behalf of civil society, but NGO accountability operates in conditions governed by power relations between state apparatuses and civil society organizations. As Gramsci recognised, a reformist passive revolution is slow, affected by the local context, and is reciprocal.

BRAC increased its scale and scope and undertook more commercial activities to gain more independence and to self-finance programmes for the poor. To coordinate and control these, it deployed management controls and an internal accountability system based on commercially oriented budgets and performance evaluations. This reaped efficiency benefits, and its functional external accountability to those with money and power fostered its growth, influence, and ability to advocate for the disadvantaged in policy and NGO circles. However, its functional accountability inhibited employee and beneficiary accountability. Rather than creating political militants, BRAC's social accountability containing primarily financial modes of calculation rendered the poor as economic subjects and weakened, possibly inadvertently, its position as an advocate for civil society and its challenges to the dominant hegemony and socio-political regime. Nevertheless, BRAC's cultural and moral leadership, accountability systems and societal engagements have laid a foundation for challenging the ideological and institutional structures within the dominant hegemony within a 'war of position' (Gramsci, 1971).

Major transitions remained slow in a LDC beset with immediate poverty and poor governance (Hopper et al., 2017). As in many LDCs, patrimonialism and nepotism abound not only within society but also within BRAC. Through its impeccable functional accountability BRAC became a major spokesperson for NGOs and giving voice to the poor and disadvantaged's needs especially in NGO and government liaison meetings. However, growing opposition within civil society to the growth and activities of large NGOs including BRAC has emerged. This has frustrated creating a historical bloc. Some opposition seeks more effective engagement with the masses, utilising social accountability and programmes that improve the civil society's ability to act as a counterforce against poor governance. As Gramsci (1971) recognised, a war of manoeuvre is political and a question of winning positions, possibly leading to siege warfare. The slowness of transitions, and disagreements over advocacy NGO's accountability, tactics and strategies associated with this, must be understood in relation to the reciprocity involved.

5.2. Transformation is context-specific

The slowness was also due to the local context. Gramsci recognized that hegemonic transition and accountability changes cannot be universally homogenous by comparing the West with the East. The former has a strong civil society whereas states dominate the latter. In Bangladesh, this is mixed – it has a weak state characterized by poor governance and corruption but also many NGOs, some of which are very large, provide diverse services, and are global leaders. Arguably, they resemble an alternative state. Their power, popularity, resources, and influence enable them to engage in a 'war of position' seeking a reformist passive revolution rather than one of 'manoeuvre'. Here, social accountability becomes a strategic rather than a tactical tool because a 'war' with emancipatory potentials for the masses is political and processual (cf. Alawattage and Wickramasinghe, 2008, 2009).

BRAC provides empirical insights on issues arising when a hybrid NGO, with charismatic and moral leadership, endeavors to disseminate an 'alternative' hegemony and develop a 'historic bloc' for waging a 'war of position'. The associated transition between functional and social accountability to further this end proved dialectical and controversial. In the 1980s, BRAC undertook more advocacy, mainly regarding poverty alleviation, and endeavoured to increase social and economic awareness amongst civil society members. Social accountability to beneficiaries was central to this, but when the Outreach program's experiments in politically empowering poor, sometimes illiterate villagers (especially women), and politically mobilizing them partially failed, weekly VO meetings became the focus of social accountability. These were intended to adopt a bottom-up approach and be oral, open, and flexible; enhance mutual learning; and fuse field workers' and beneficiaries' concerns and local knowledge into operational decisions. However, the internal functional accountability structure and management controls militated against this and, possibly inadvertently, inhibited popular challenges to the prevailing hegemony.

Nevertheless, BRAC established structures, processes, and departments to make it a learning organization by encouraging internal debate, conducting independent research, and through employee and beneficiary involvement. However, the intended social accountability was not apparent, especially at the village and fieldworker levels, due to the instrumentality of, and divisions between, beneficiaries, field workers, and headquarters staff; Bhai culture; paternal, hierarchical, and centralized leadership; and the internal

functional accountability systems' emphasis on efficiency and financial performance. Neither employees nor beneficiaries were represented in the governance structure, within which the charismatic chairman and founder and his 'clan' remained dominant. For many involved, this was perceived as legitimate being consistent with Bhai culture. Hegemonic transformation via a 'war of position' and a passive 'revolution' is difficult when a traditional cultural hegemony pervades civil society, leaving NGOs like BRAC having to rethink how best to deliver development and advocacy.

Consequently, BRAC's involvement in any transition has been peculiar and debatable. Due to its cultural and moral leadership, BRAC's influence grew as its scale and scope, reputation, and effective delivery of services increased in donor, NGO, and government forums, especially the DLO, and the NGO Consultative Council. BRAC became a major spokesman for NGOs and the poor and women. The DLO especially, incorporated facets of social accountability for the meetings were informal, dialogic, and covered operational and fundamental goals. BRAC fostered relations with donors as they influence development policies, their delivery, and provide funding and support; and governments establish regulatory structures and can control funding directly and indirectly. However, significant sectors of civil society have increasingly questioned whether BRAC adequately advocates for and represents civil society and whether it sometimes pursues its own interests in these forums; does BRAC's growing commercialism and collaboration with foreign donors and governments reinforce a market-based hegemony and threaten state-led development policies; and does it weaken democratic politics and the state. Gramsci did not envisage how neoliberalism could permeate the social will of civil society organisations and encourage them to be more self-financed and commercially oriented (cf. Harvey, 2005). BRAC's activities and social accountability attempts must be understood in relation to these neoliberal tendencies (cf. Hopper et al, 2017).

5.3. Social accountability and counter hegemony: Are they related?

This raises the question of whether BRAC's bid for independence, possibly to foster a 'passive revolution', and its accountability helped create a distinct counter hegemony within a historical bloc, or merely reinforced the dominant hegemony of the state, foreign donors, or both. BRAC benefited from working within the dominant hegemony of the latter institutions, especially the World Bank and its acolytes, and governments adopting the former's programmes, albeit sometimes reluctantly. This aroused the suspicion of many elites. Political parties distrust BRAC because it does not offer unilateral loyalty to one party but engages with several; radicals oppose its eagerness to work with hegemonic actors, especially international financiers like the World Bank, and Bangladesh governments; religious conservatives feel threatened by its progressivism; and the private sector sees it as a market rival with undue advantages. BRAC realised its dependency upon donors and the government threatens its mission of serving and empowering the poor, hence its shift to being more independent by developing commercial activities that generate profits used to fund its social mission. However, its growing monopolistic and commercial nature has prompted accusations, especially within civil society, that BRAC is now too powerful to be accountable to poor and powerless members, and its growing emphasis on individualistic economic solutions to poverty may reduce beneficiaries' political consciousness, inhibit state provision of services, and enmesh clients into BRAC's supply chain and microcredit systems rather than empowering them as politically active citizens.

Ultimately, hegemonic, and associated accountability transitions have proven difficult given the circumstances BRAC faced. It has used its charismatic leadership, educational programmes, lobbying, and effective program delivery to challenge the dominant development ideology and its associated cultural hegemony. BRAC has subtly, gradually, and strategically waged a 'war of position' to transform common sense understanding, but this has proven challenging given their dependence on dominant rulers, be they governments or external financiers. Hence, they turned to propagating a 'reformist' 'alternative hegemony,' which still seeks to empower and meet the needs of the poor and disadvantaged, but slowly, incrementally, and within current political arrangements. This attacks aspects of the dominant hegemony but does not fundamentally challenge it. These changes and BRAC's attempts at financial independence created contradictions and conflicts over its accountability and hegemony, fractured rather than built civil society consensus, and stymied developing an inclusive and cohesive 'historical bloc' and counter-hegemony. This may be inevitable for a hybrid NGO combining advocacy of political change with immediate and efficient delivery of services in a country with volatile politics, unstable governments, and a vocal but divided civil society. At best, NGOs like BRAC may only be able to promote a passive revolution within the parameters of dominant hegemonies. Gains may be fragile and restricted. Balances between functional and social accountability depend on the power and effectiveness of the 'war of position' waged and the associated 'passive revolution' (cf. Alawattage and Wickramasinghe, 2008; Li and Soobaroyen, 2021).

Some question the ethical limits of accountability (Frey-Heger and Barrett, 2021; Messner, 2009; Roberts, 2009). BRAC has always perceived itself as a moral agent, and ethics have permeated its accountability, as reflected in its transparency and attempts to be socially accountable to multiple constituencies. However, we concur that this poses practical difficulties. Unerman and O'Dwyer (2006) argue that advocacy NGOs should adopt social and environmental accounting to empower and involve their target clients, and promote social justice and change, i.e., change dominant hegemonies. We do not disagree with this ambition but doing so is complex for hybrid NGOs that face power asymmetries and depend on, or are constrained, by sources of power and money. There are pragmatic limits to challenging hegemonies, namely tensions between efficiently delivering services and politically empowering beneficiaries; competing hegemonies within and between constituencies; and ethical issues on whether poor and marginalized groups have the capacity to wreak change in their interests. As in a micro-finance NGO in Zambia, we found these created conflicts and contradictions (Dixon et al., 2006). Different NGOs may respond differently. In the Zambian study field officers neglected the bureaucracy of vertical accountability and concentrated on meeting beneficiaries' needs, whereas the converse occurred in BRAC. A hybrid NGO in Tanzania used formal accounting based on functional accountability strategically, primarily to gain legitimacy, funds, and support from donors (Goddard and Assad, 2006), but in BRAC this was supplemented by social accountability to donors and, unlike the Tanzanian case, BRAC used functional accountability internally. BRAC knew social accountability was integral to creating a counter hegemony but its

desire to navigate a passage with external parties, possibly inadvertently, has inhibited this.

5.4. Conclusions and implications

First, our findings regarding BRAC respond to calls to examine NGO accountability within different socio-cultural and institutional contexts (Dewi et al., 2021; Ebrahim, 2003a; Ebrahim, 2003b; Ebrahim et al., 2014; Goddard, 2021; Hall and O'Dwyer, 2017; Martinez and Cooper, 2017; Yasmin and Ghafran, 2019). Adopting a structural and institutional perspective traced the difficulty large hybrid NGOs such as BRAC face in effectively combining functional and social accountability, and pursuing their financial and social goals simultaneously, given the political, cultural and ethical factors confronting them. This is due to a structural paradox. Functional accountability survives through changing regulations and directions of state apparatuses demanding to see NGO's accounts for legitimacy purposes by appearing to enact regulation within the dominant hegemony. However, no 'audits' were made against any deviation. Despite this, some hybrid NGOs in LDCs with weak and ineffective states, such as BRAC, have become large conglomerates, and their more effective delivery of social and economic welfare programs give them an appearance of an 'alterative state' and re-inforces their advocacy. To this end, they involve beneficiaries through continuous social accountability practices, but due to their desire to be financially independent, they maintain a commercial orientation based on neoliberal ideals being propagated in LDCs (cf. Uddin and Belal, 2019). The structural and institutional constraints and BRAC's attempts to reconcile these continue to precipitate paradoxical functional and social accountability practices.

Second, an increased emphasis on social accountability can denote an appearance of, rather than marking a strong commitment towards establishing a 'war of position'. BRAC's expansion through commercialism brought stronger management controls and internal accountability, but undermined their desire to incorporate informal, flexible, and bottom-up social accountability, which helps them gain legitimacy. The subsequent transformation of the poor into economic subjects inhibits them becoming active members of civil society movements (c.f. Alawattage et al, 2019; Jayasinghe and Wickramasinghe, 2011). Large NGOs such as BRAC can grow and become socially and politically influential, but their commercial and neoliberal orientation limits their ability to wage a 'passive revolution', even when the prevailing dominant hegemony neglects many civil society needs and thereby grants space for developing a counter hegemony (Bates, 1975). Instead, they consciously and strategically engage in a political battle to gain consent of communities by demonstrating a superior ability to deliver services promoting development. Hence, NGO accountability is not just about giving reasons for conduct but is also about framing this politically and socially through their activities (cf. Roberts and Scapens, 1985).

Finally, as the world's largest NGO, BRAC is an important and extensively explored research site (Chowdhury, 2017; Mair et al., 2012; Mannan, 2009; Siddiquee and Faroqi, 2009; Uddin and Belal, 2019). We largely concur with their findings. For example, Mair et al.'s (2012) claim that BRAC has been an agent of social change and has significantly helped the poor in Bangladesh; Mannan's (2009, p. 229) labeling of BRAC as a 'poverty enterprise' that maintains its dominance by connecting 'poor people, donors, government, civil society, and business into complex poverty-production-market networks'; and how BRAC's corporatized operations dominate various key sectors (Chowdhury, 2017; Mannan, 2009; Siddiquee and Faroqi, 2009). Uddin and Belal (2019) found donors have not employed 'direct' or 'indirect' withholding' strategies on BRAC, for neither is a feasible for such a large NGO – instead they collaborated with BRAC and deployed various usage strategies.[17] We too observed this but would add how BRAC used this to gain capacity and resources, and ultimately to operate distinctly to challenge the state's dominant hegemony. Moreover, notwithstanding the merits of these works, our study has addressed how accountability has been enacted during BRAC's evolution and its significance for BRAC's mission.

We should maintain some skepticism of large NGOs operating under the facade of helping the poor. Some (but by no means all) pursue their economic self-interest in many LDCs (cf. Unerman and O'Dwyer, 2012). Unilateral praise by local and foreign agencies' and current rhetoric on NGOs' positive societal roles require careful empirical examination, alongside how they construct accountability (cf. Favotto et al., 2022). The concepts of hegemony help explain how power interacts with social phenomena such as trust, ethnicity, culture, and identity (cf. Joannides De Lautour et al., 2021). Future research, especially comparative case studies of NGOs pursuing advocacy, needs to explore whether these phenomena are complementary, supplementary, or paradoxical, and how they relate to accounting and accountability practices. Finally, policy makers should appreciate that hybrid NGOs like BRAC must be pragmatic and strategic given they constantly confront practical and ethical difficulties in combining service and advocacy and must develop accountability systems attuned to the local environment but consistent with their mission.

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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[17] Withholding strategies occur when the stakeholder threatens to or discontinues supplying resources to an organisation to make it change certain behaviours, whereas a usage strategy by the stakeholder continues to provide resources but may impose conditionalities upon their use (Frooman, 1999, p.198).

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