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**Does commercialization play a major role in NGOs'
development in Lund, Sweden?**

A Comparative Study of

Individuell Människohjälpen (IM) and Erikshjälpen

Abstract:

In general, non-government organizations (NGOs) are regarded as charity and humanitarian advocacy agents in developing and developed countries. With globalization, NGOs have been influenced by commercialization and some of them started to run commercial activities. This essay studies whether commercialization plays a major role for NGOs in making them sustainable over time in Sweden. I have interviewed representatives of two NGOs in Lund and they both have commercial activities. The findings are that commercialization plays a modest role, and that NGOs can survive financially without it. However, in the future commercialization can create more chances for NGOs to cooperate with governments and other international organizations, provide new job positions to disabled people and volunteers, produce a charity-oriented market, and facilitate the organization management.

Key words: commercialization, NGOs, partnership, charity, self-reliance, sustainability, Sweden.

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1. Introduction

Non-government organizations (NGOs) are non-profit organizations normally established by individuals to work with charity and philanthropic aid locally and internationally. NGOs belong to the society instead of the government or the private sectors, but they are usually funded by the government, private donors, or for-profit organizations. In Sweden, NGOs include political organizations, churches, trade unions, solidarity and interest groups, separated from government and sometimes funded by Swedish International Development Cooperation Agency (SIDA) and private donors. They were originally involved in missionary and voluntary activities and in cooperation with developing countries. After 1970s, environment aid started to be involved into the prominent field of activity for Swedish NGOs.

In general, NGOs are occupying the charity and humanitarianism advocacy, working in developing and developed countries, making efforts both in civil society and in government, and protecting human rights for both minorities and the majority. They consist of people who come from the civil society and work for the social sector. Income from some fund is originally the dominating way for NGOs to maintain their interior management and exterior social assistant services. Voluntary is the core ideology of NGOs. A great amount of NGOs' social work are conducted primarily by volunteers who voluntarily agree to receive lower compensation because their motivation is to make some contribution to the society rather than make money (Kaplan 2001: 358).

However, at the early days of the NGOs' development, generous funding without the proper monitoring system inevitably fostered inefficiency, corruption, and even contradictions among different stakeholders. (Dupuy et al. 2012: 3). Generous funding may bring problems of rapid growth and formulization; it may also give rise to the emergence of "briefcase NGOs" and fake organizations to defraud donors (Dupuy et al. 2012: 3). These fake organizations were either existing only on papers

or making little efforts on local charity. They were not aimed at providing services to local people, but making profits. It contributed to credit crisis between NGOs and outsiders. As a result, donors' good intention causes bad outcomes.

Corruption has grown out from the generous funding, so has the inefficiency. Monitoring systems are very common in private firms to avoid financial and management corruption. But when it comes to NGOs, it's complicated to clarify who should be monitored and who should be responsible for, since there are no owners of NGOs (Speckbacher 2003: 272). Due to the lack of monitoring mechanism, it's extremely hard for NGOs to make sure that the money finally is used for. At the meantime, NGOs themselves tended to have complex relationships in management, which gave birth to the bureaucratism, as well as inefficiency. Moreover, unorganized voluntarily work required greater challenges for NGOs to have investigation mechanism and efficient management.

Outside obstructions is another challenge that NGOs have to confront. In the early ages, government was often bypassed by local organizations when they were cooperating with foreign donors. Because government required a bunch of government structures and bureaucratic obstacles that both NGOs and donors have to deal with (Holmen, 2010: 83). However, when local NGOs decided to avoid government and cooperate with donors directly, they would provoke the unsatisfactory from government. Furthermore, government may regard local NGOs as agency of foreign forces and thus set a series of obstructions to them. Losing the trust from the government is catastrophic for NGOs in the long run (Holmen, 2010). On the contrary, NGOs have to meet the requirement from donors to have sustainable financial support (Lewis & Kanji 2009: 27).

All these negative factors derived from generous funding had disrupted NGOs on the path to development in the early ages, especially when they got into conflicts with government and encountered many political obstacles.

With the constant transformation inside NGOs and a growing friendly external environment for NGOs, the negative aspects are gradually replaced by positive ones like efficiency, professionalism, and self-reliance after the 1990s. At that time, with the prevailing of neo-liberalization and democracy globally, NGOs were more or less influenced by current world situation. Many NGOs were appealing to ‘empowerment’ and managing to regain initiatives from the donors (Lewis & Kanji 2009: 34). NGOs’ influence on the international level started to grow since 1992 (Lewis & Kanji 2009: 33). And NGOs themselves attempted to make improvement of accountability, political change, and strengthened rights. Commercialization is one of new ideologies and structures to break the previous backward pattern and to make some efforts on NGOs improvement. What I want to find out in this essay is the occupation that commercialization has taken in NGOs’ development.

My **research question** is to investigate whether commercialization contributes to make NGOs sustainable as regards in financial income, professional capability, and partnership in Sweden. Commercialization helps extricating NGOs from old structures and may equip them with sophisticated ideas of development to suit the market-oriented society (Viravaidya & Hayssen 2001). Generally speaking, a growing number of Swedish NGOs have established some commercial activities and become better in many aspects in recent decades. I want to explain if it’s commercialization that plays major role in improving the development of NGOs in Sweden.

In the following section, I’m going to depict the advantages of commercialization and theoretical framework of my essay. Theories from different authors and scholars will be listed and analyzed in that section to substantiate my research question. In the third section, I will introduce the research method for my investigation. I’ve interviewed representatives of two different NGOs, one less and one more commercialized, with similar questions about how they operate commercial activities. And I will make a comparison in detail to look for the influence commercialization has made in their

development. Then I will come up with findings according to the previous studies and interview outcomes, and finally draw a conclusion.

2. Advantages of NGOs' Commercialization

“The definition of commercialization is the process or cycle of introducing a new product or production method into the market. (Wiki)”

According to the definition of commercialization, to define a NGO a commercialized one is to make sure if it owns some commercial activities that make it possible to enter into the market. Thus, commercialization usually combines with business activities and marketization. With the development of commercialization among NGOs, there gradually exist some NGOs that get part of financial income from commercial activities. These NGOs who raise money from the commercial activities approach further to commercialization than NGOs who just enter into the market but still fully depend on fund. The commercialization status of different NGOs differs greatly due to their various economic targets, social tasks, and organization capabilities.

Here I will introduce the advantages of commercialization that will help NGOs to get rid of old and backward structures, and transfer into a modernized and professional mode. Firstly, commercialization may bring a sustainable financial income to maintain their social work and organization management through businesses. They are able to get rid of the financial control from donors and become self-reliant.

‘Empowerment’ and ‘self-reliance’, the two notions that most of the past and current NGOs refer to, are more likely to be achieved through commercialization. Donors usually invest in NGOs and projects that will fulfill their requirement and receive what they expect in return (Speckbacher 2003: 275). On this occasion, NGOs may have to adjust their organization projects to meet donors’ requirement in order to get

financial support. Once a NGO is limited to making own decision, it is easy to lose initial aim and soon transfer into something else. However, when they get financially independent, they are capable to coordinate money with social work and moreover to ask for appropriate services from governments and donors rather than rely on them (Holmen, 2010: 101).

According to current NGOs and their income sources, many of NGOs have achieved independence and empowerment, but not all of them have commercial activities and raise money from business. As a matter of fact, funding is still the dominating income source among NGOs, while some NGOs get financial income through both funds and their own businesses. It may be because commercialization is not the only way for NGOs to become independence. I will find out more information about the relationship between commercialization and NGOs' independence in the interview section.

“Twenty years ago, management was a dirty word for those involved in nonprofit organizations. It meant business, and nonprofits prided themselves on being free of the taint of commercialism and above such sordid considerations as the bottom line. Now most of them have learned that nonprofits need management even more than business does, precisely because they lack the discipline of the bottom line (Speckbacher 2003: 267).”

Secondly, commercialization will also help NGOs achieve management discipline and an advanced organizations just as the private firms do. For example, some big NGOs have separated their commercial activity part as independent entities to run business, which on the one hand makes financial allocation explicit and on the other hand facilitates management of both the profit-makers department and philanthropy (Emmanuel 2006: 10).

In addition, Robinson (1993) put forward ‘the new policy agenda’ to emphasize

privatization and democratic governance in 1990s. Therefore, 'good governance' applied to NGOs to support 'economic liberalization' and provide services to the domestic market through commercial activities (Lewis & Kanji 2009: 41). In order to apply to good governance and better performance, accounting transparency was identified as the efficient way to respond the 'good governance' (Lewis & Kanji 2009: 41). There comes to NGOs' annual reports to show financial transparency and annual service performance in public. Due to commercialization, organization management gets closer to the market-oriented society.

Thirdly, commercialization makes NGOs get into the local market and facilitate the cooperation with other actors. As I mentioned above, some of previous NGOs always cooperated directly with foreign donors and bypassed the local government, so did their money transfer. They transferred money directly from foreign donors to local NGOs, evades the engagement of local market and the government. The absence of the interaction with local society may cause severe problems in the process of NGOs' development. However, commercialization, in some extent, will compensate NGOs for a lack of cooperation and facilitate the cash flow in the local market.

Fourthly, NGOs are willing to provide job positions to people with disabilities and volunteers. Most NGO activities are run by volunteers. With the spread of globalization, NGOs have brought new economic opportunities and profits to developing countries with investment and job positions for poor people (Lewis & Kanji 2009: 145). Commercial activities will provide jobs to both volunteers and job-seeking people, especially for those in bad living condition. NGOs' commercial activities are usually seen as part of their humanitarian aid with the aim of reducing poverty.

Finally, trust building is another merit that commercialization will bring to the local NGOs. Because of the corruption and management disorder, NGOs had bad reputation among the government and public at one time. With the improvement in all

aspects, NGOs gradually rebuilt the trust from outsiders. Although the relationship between local NGOs and other actors are not as intense today as they used to be, NGOs still need a harmonious social environment. Commercial activities can be seen as a communication platform between the public and NGOs, which provides a broad perspective for the public about how NGOs work and thus improves their reputation. Social recognition is a signboard for NGOs to spread their name and have a close relationship between themselves and the public, since they are a part of the society. Moreover, it's necessary to advertise the NGOs and their social work to get in touch with potential private donors and organization partners.

Until recently, NGOs have not been inclined to run commercial activities with the purpose of making profit. Rather, they are more likely to integrate the commercial activities into their social work.

All the above advantages of commercialization do not mean that commercialization is the exclusive solution for all NGOs to maintain a sustainable development, but to show that commercialization truly makes some efforts toward NGOs' development. In the next section, I will list some authors and their argument related to commercialization.

3. Theory (Theoretical framework)

Many scholars and researchers have studied in NGOs and reached a comprehensive understanding of NGOs' history, advantages and disadvantages, transformation and revolution. They've also expressed original insights of commercialization that influence NGOs' development in different aspects.

Lewis & Kanji (2009) indicate that NGOs can play three basic roles, which are called *implementers*, *catalysts* and *partners*. Implementers represent NGOs as service deliverers in that they are deliver basic goods and services to people in need,

including food, healthcare, education, and other kind of social assistance. A catalyst tries to make some difference within the realm that NGOs are taking responsibility for. And a partner is cooperating closely with another actor not only to share the benefits, but also suffer the risks.

In the process of NGOs development, partnership is considered as one of the most fundamental forms among NGOs, because most of NGOs' humanitarian projects and philanthropy should be carried out by cooperating with local organizations in developing countries. In Sweden, partnership will bring abundant funding from donors, advanced management from other organization, and commercial experiences from the market. Partnership ties NGOs, government and civil society together through the funding and projects that government and donors provide funds and NGOs provide services.

Kaplan (2001) described a mode of NGOs' partnership which is quite different from private firms, because normally customers provide money and receive services in return. However, in form of NGOs, donors pay the money and people in developing countries receive services (Kaplan 2001: 360-361). Accordingly, when NGOs' partnership comes along with commercialization, it's hard for them to put customer perspectives in the first place and provide the same services as that in private firms. Kaplan (2001) explained that NGOs should have a prior consideration of the project objectives and try to make maximize benefit for people in their projects rather than customers.

Korten (1990) defined four generations of NGOs' long-term development. The first generation of NGOs provides immediate aid assistance to someone in need. The second generation gradually formulates self-consciousness and self-improvement among small and local NGOs, although they are still highly affected by the donors. The third generation concentrates on sustainability, and they are strong enough to shake the current policies and structures. The final generation of NGOs enters into the

international stage. This fourth generation achieves a dynamically transformation from limited extent to relatively large extent, from local to global, from deeply dependent to independent, from less development to more development. Commercialization is one of the available means for NGOs to achieve self-improvement, keep sustainability, shape current policies and structures, and therefore leads NGOs and their social work to the global market.

Konstantin Bondarenko, the chairman of NGO ‘Centre of free market of Tajikistan’, is one of those who have advocated the importance of self-finance and self-reliance among NGOs by putting some kinds of commercial activities into action and entering into the local market. This advocacy has also been accepted by the local government and laws, which encourage efficient market activities among NGOs to enhance their financial security (Bondarenko, 2011, 1). He appeals for the commercialization of NGOs in Tajikistan. With the expansion of NGOs’ business in local areas, the relevant political and economic structures will be revised accordingly.

Tajikistan government used to be very strict on NGO’s commercial part. NGOs were not allowed to collect membership fees, let alone to have some activities and projects with profit. Nowadays with the dynamic growing of commercialization in many countries, government is apt to have opening policies of NGO’s financial income and try to make great contributions on NGO’s productivity gains. NGOs are allowed to have entrepreneurial activity and encourage NGOs to raise money by their own rather than by financial support. Bondarenko (2011) believes that commercial activity will make a NGO more effective and sustainable (Bondarenko, 2011, 2).

“We cannot always depend on grants; it is time to learn developing with our own means, so that the administrative expenses can be met more effectively (Imomnazarova 2011: 1).”

Sanovbar Imomnazarova, the chairman of the public organization ‘Chashma’,

emphasized the need for NGOs to break through the old relationship with private donors and governments and establish a new mode. In an article, he explains that even though there are plenty of NGOs which are on the path to commercialization, they are still in an early stage. NGOs meet limitations and obstacles such as backward management and unsatisfactory political and economic environment before commercialization. And then, he puts forward the concept that 'independence' can be the solution to deal with all the limitations and obstacles. Sanovbar's argument more or less swayed my idea about the role of commercialization. 'Independence' is the dominating concept that will make great progress in NGOs' development, while commercialization is no more than a means of method to help NGOs achieve independence and self-reliance.

Viravaidya & Hayssen (2001) depicted a different illustration of NGOs' motivation to commercialization. NGOs are facing two problems: one is funding challenge, and the other one is the restrictions and requirements from donors. This is the motivation of commercialization for NGOs to overcome the challenge of scarce funding and backward mechanisms, and become independent from donors and get sustainable capital through proper business activities. Here, commercialization is used as method to achieve independence once again.

Viravaidya & Hayssen (2001) also mentioned that commercialization of NGOs should take place alongside with the implementation of relevant legislation and the market rules. Otherwise it's hard to imagine how a single NGO could survive in the cruel market competition without the help from government and other organizations. Government policies and market discipline are supposed to be two essential components to create a friendly environment for NGOs.

In addition, the emergence of commercialization is not derived from an unexpected revolution or a strategic decision, but is a natural step in the path of NGOs' development. For instance, museums were originally funded by sponsors or grants,

and subsequently started to sell souvenirs and the replicas of their collections as a way to spread their name. With the development of a business sense, museums currently are more willing to let their premises be rented by individuals or companies to hold grand ceremonies or other big events (Viravaidva & Hayssen 2001: 3). We can see that the emergence of commercial activities amongst museums is a result of natural process. In the same way, commercialization of NGOs is a natural development and not a break with tradition or with NGOs' essential principles.

Swedish Agency for International Development Cooperation (SIDA) is a financial agency by the Swedish government to fund local and international organizations and cooperate with developing countries with both financial and humanitarian aid (Onsander 2007: 18). SIDA is one part of Swedish policy for global development and poverty reduction. As a funding agency, it usually funds NGOs who are working for humanitarian aid in developing countries. However, SIDA also focuses on market development, which can be seen as NGOs' commercial activities. Economic growth is a sustainable method for reducing poverty and for driving poor people into the market to get income, goods, and services. SIDA tries to improve the market system by funding NGOs' commercial activities (SIDA 2013: 1).

4. Methodological Consideration

In my research, I have a comparative study of two NGOs in Lund and come up with findings at the end. My research question is to figure out the commercialization of NGOs in Sweden, how it takes place in the process of Swedish NGOs development and gets into NGOs' social work.

Semi-structured interview is very suitable to my research no matter how long time it would take, how to collect data, and search for interviewees. It is an appropriate research method that will provide close contact with people working in Swedish NGOs. Semi-structured interview is characterized as flexibility during the interview

in case of misunderstanding of question by interviewees, and it is able to collect direct and valid oral evidence from representatives of NGOs (Bryman 2012: 478). It is possible to get additional information by posing further questions based on the prepared questions and the ongoing conversation.

I've interviewed two NGOs in Lund and made a one-hour interview with each of them. One is Individuell Människohj älp (IM) with a Fair Trade shop and a second hand shop in Lund. The other one is Erikshj älpen which runs a popular second hand shop in Lund.

5. Individuell Människohj älp (IM)

Individuell Människohj älp (IM), Individual Relief, is a non-profit Swedish aid NGO which advocates equality and humanity with the purpose of reducing poverty and marginalization globally, especially in developing countries. It's an international NGO that works in 12 countries including Central America, Europe / Middle East, South Asia, South Africa and Sweden through multinational development cooperation and social aid (IM Annual Report 2012:26).

IM is a commercialized NGO and it runs a fair trade shop in Lund which sells beautiful handicrafts from foreign countries. I'm curious about how the fair trade shop works among IM's social missions. So I went to IM Lund office and interviewed Kristina Hallén Flaa who is volunteer coordinator and communications officer at IM Lund. She told me the story of IM and the fair trade shops, which gave me a comprehensively different understanding of IM and its commercialization.

IM's international projects is to provide social assistance which including health, education, economic empowerment, civil society, and other miscellaneous. In Sweden, IM is working with integration programs for newly arrived people and those who want to take part in the Swedish society. The objective is to provide relatively good

living places to refugees and immigrants, and try to facilitate social interaction between newly arrived people and Swedish society with psychosocial support (IM 2012: 6). IM also work for the advocacy of refugees' and immigrants' political rights, because refugees and immigrants are a group of people who are in highly possibility to be marginalized in civil society.

IM started in 1938 in Sweden to work with refugees and immigrants from other European countries after the Second World War, because the founder of IM had seen a lot of immigrants and refugees escape to Sweden a year before. In the early ages, IM had a small store selling small things made by immigrants since they were not able to find a job after the war. Thus, IM shops originated almost at the same time as the IM was founded and it has a tradition for selling handicrafts from poor producers.

Kristina explained that economic empowerment is to support people's own businesses by means of microloans, especially for women organizations and clubs in developing countries. IM is always cooperating with other partner organizations in the local area like women organizations rather than using their own name. To give a woman financial aid is not only helpful to their family but also to the whole community. Economic empowerment of women organization also protects local women's right to receive democracy and education.

“IM also develops and imports and sells fair-trade produced products in nine Fair Trade shops and one online shop in Sweden. It creates economic empowerment for many people worldwide. (IM 2012: 5)” This is another way of economic empowerment which is considered as the platform for poor producers to have a relatively fair income by selling products to a larger foreign market. IM aimed at creating good working environment to producers and giving them the opportunity to reach to Swedish markets.

Now IM is a part of a worldwide organization called WFTO, World Fair Trade

Organization. WFTO is a global association consists of 324 member organizations in more than 70 countries. It works for producers in developing countries and exports products to developed countries in order to get fair wages for disadvantaged and marginalized producers. WFTO has the same motivation as IM to run shops. IM has 9 fair trade shops in Sweden and these shops are the main form of commercial activity in IM. In these shops, they import handicrafts and coffee from producers in low-income countries and sell them. However, IM shops are not aimed at making profits; instead they are developing the market for poor producers and empowering them. As a matter of fact, IM Fair Trade shops always face a deficit situation in finance. Shops' deficit always covers a part of IM's annual financial budget.

Table 1. CONSOLIDATED STATEMENT *FIVE-YEAR REVIEW (thousands of SEK)*

	2012	2011	2010	2009	2008
Operating result	-3036	-4109	-30576	-44638	-24441
Financial items	37006	1718	3510	14980	-3775
Profit after financial items / Year's result	33970	-2391	-27066	-29657	-28216

Source: IM Annual Financial Statement and Report (2012)

In Table 1, the performance of IM shops is getting better year after year. In 2012, IM fair trade shops can support themselves with the profit from selling goods. With the accumulation of business experience, IM's business might be profitable enough to support the organization one day.

Most of producers who are selling things in IM Fair Trade shops are either poor or marginalized, so it's quite hard for them to have a good knowledge of Swedish customer's favor or of how to improve their handicraft skill. IM will also offer learning opportunities to those less skilled producers on technique and advanced design of things like dolls (IM 2012: 23). As I mentioned above, IM always cooperates with local organizations and supply with financial income, so does the fair

trade shops. In terms of the partnership, IM has a special department with 6 people to search for appropriate local organizations and get in touch with them. Those local organizations are in charge of sending products to IM and giving financial profit back to local producers. In this way, IM runs different business from the companies and firms; rather they are providing a charity-oriented market to the people in developing countries.

Kristina said that IM also has a secondhand shop in Lund named 'IM-tian', which is the only IM secondhand shop in Sweden. However, the IM fair trade department which runs the commercial activities is not large enough to have separate department. It is included in IM organization.

IM has both paid working staff and volunteers. Working staffs like Kristina are getting paid with salary, while the fair trade shops are run by volunteers. IM has 250 volunteers working in nine fair trade shops. Most of the shops and the secondhand shop are operated by volunteers. They are probably making a great income for IM and spreading the name of the IM brand without payment. Volunteers make great efforts to take part in the commercial activities, as well as in the other organization projects in IM.

But where does IM get the financial strength to run such a big global organization? Kristina told me they are supported mostly by private or institutional funds. They set around 20% from SIDA (Swedish International Development Cooperation Agency) and 80% from private or institutional funds. According to the funding ratio, IM is supposed to be a very traditional organization that fund is the only way of its financial source. Different from the old pattern, IM is an independent organization which makes own decisions without the constraints from donors or government. That is because IM has many sustainable donors that it doesn't need to meet one certain donor's requirement to get fund (IM 2012: 26). Besides, donors' perspective to funding has shifted to create relatively friendly and free surroundings to NGOs. This

is quite different from the past. So there exist many NGOs that are not commercialized but stay sustainable and independent nowadays.

Kristina said she doesn't know if IM shops have made great efforts to the organization management or not. But the commercialization atmosphere of the whole society really impacted the direction of IM development. Currently, IM acts in a more market-oriented way than they did before.

6. Erikshjälpen

Erikshjälpen runs popular secondhand shops in Sweden and I interviewed Anna, the store manager in Erikshjälpen secondhand shop in Lund.

Erikshjälpen is an organization that defends children's right and active in about 25 countries all over the world with the background of religion. It advocates children's right to education, health, protection, and humanitarian aid, and protecting children from poverty or vulnerability internationally. Scandinavian Doctors and Second hand stores are two projects that make Erikshjälpen popular in Sweden. Scandinavian doctors are well-skilled doctors who are voluntary to work in hospitals in low-income countries within six weeks. Second hand stores are one of Erikshjälpen's financial sources since they are so popular in Sweden for quite a long time.

In Sweden, Erikshjälpen aims at protecting children from disadvantaged environments, especially those in hospital suffering from hardship and disasters, and gives them courage to recover from both physical and emotional illness (Sköld and Samuelsson 2012: 5). This is the Erik's spirit since the Erikshjälpen had first founded and never been changed until now.

Erikshjälpen believes that every child should be able to access to the best medical care. It has the Forgotten Children project to protect children who live with addicted or

mental problem parents in both materially and spiritually (Sködd and Samuelsson 2012: 24). And it works with Scandinavia's only children's hospice and cooperates with Individuell Människohjälp (IM) for child refugees and immigrants. Erikshjälpen wish to create the same growing environment to vulnerable and marginalized children compare to normal children.

Second hand stores are the main form of Erikshjälpen's commercial activities and it has 57 second hand stores in Sweden and one in Norway.

Anna told me that there is a central organization named Erikshjälpen Stiftelsen, a foundation to coordinate money and developmental aid. Stiftelsen is situated in Holsbybrunn where this organization started. The secondhand stores try to make money by selling donations and the money goes to this Stiftelsen. In Erikshjälpen, each second hand store has its own project to operate and most of stores' projects are in developing countries. As a central organization, Stiftelsen is responsible for project allocation and some big projects. To put all projects into action, it usually needs the help from local organizations. Particularly, secondhand stores are separated from each other. Different store has its own economy, working staff allocation, projects management, and the history.

The founder of Erikshjälpen was a little boy named Erik who suffered from hemophilia all his life. When he was in hospital, he always sent gifts to other sick children. He hoped his gifts would alleviate their physical pain and give them a positive mindset to the disease. Finally people heard about his story and they donate things to Erik to encourage his kindness. As a consequence, a secondhand shop was founded to take care of donations, sell them, and transfer the money to different projects for children.

The scale and number of secondhand stores has expanded over time. In Erikshjälpe, different store has different story. Some stores are founded by Erikshjälpen, some are

not. There were many private secondhand stores who wanted to be a part of Erikshjälpen, so they came in under the name of this organization. The secondhand shop in Lund was founded by a man called Brad. He started the store to help students in Poland, collected clothes and sent to Poland. People heard about this and donated things to him. As he got too many things to handle, he decided to open a secondhand shop to sell donations and sent money to Polish students. Finally, this store joined in Erikshjälpen to have better management, and they have similar objectives to run stores.

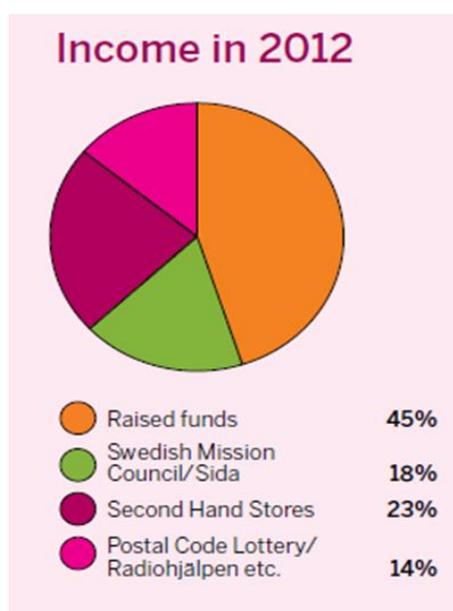
As I mentioned before, Erikshjälpen is well known as its background of Christian values, so it cooperates with churches in different ways. In Erikshjälpen Lund, the shop is located in a building owned by the church, and pays the rent. The church has supplied many volunteers who are Christians in the aspiration of charity to second hand store. Besides, there are some second hand stores owned by both the church and Erikshjälpen, they share the profits from stores. In Sweden, church organizations are one of the groups who are responsible of philanthropic things, so it's very common for the cooperation of the church with other organizations (Onsander 2007: 7).

Every shop has its own project. Anna told me that in Erikshjälpen Lund, the project is to support a school in Mali with teacher employment and rebuilding the school from nothing. The goal of the project is to protect children's right to education in Mali. Since this project has been proceeding sustainably for many years, the school will soon be capable enough to be independent from Erikshjälpen Lund. Erikshjälpen usually cooperates with local organizations to carry out the project in developing countries, so does the Erikshjälpen Lund. This is quite similar with IM to cooperate with local organizations rather than to get in touch with producers directly. Therefore, Erikshjälpen not only protects children's right, but also gives some help on the local organization with financial support and on the local government to make some changes through intervention. Thus, the international projects of every store is beneficial to the development of local area.

Project is one way that money goes to. Apart from the project, some of the money pays the rent, electricity, employment, and other management cost in store, and the rest will go directly to the central organization. According to this, I can say that each store is independent from others since they are able to support themselves in finance.

The financial income of Erikshjälpen is divided into four parts: raised funds, Swedish Mission Council/SIDA, secondhand stores, and the Postal Code Lottery/ Radiohjälpen etc. In Erikshjälpen's 2012 annual report, the income in 2012 (Graph 1) is depicted like this: 45% from raised funds, 18% from Swedish Mission Council/SIDA, 23% from secondhand stores, and 14% is from the Postal Code Lottery/ Radiohjälpen etc.

Graph 1



The secondhand stores are the second largest financial income of Erikshjälpen, which shows that Erikshjälpen second hand stores are really beneficial by selling donations. And the share that goes to charity is about 30 or 40 percent, which is a large number among different second hand shop organizations.

Source: Sköld and Samuelsson 2012:

In Table 2, the contribution comes from ERIKS Second Hand Stores is increasing in a year and it shares the big amount compared to other contributions. With the growing number of second and stores, the profit of stores is also getting better year after year. The commercialization of Erikshjälpen is performing in sustainable increasing condition. Nowadays, the secondhand culture is more popular than before. With the prevailing of the 1950s' retro trend, the classic clothes and furniture restart the previous flourish. People are more willing to buy things in the second hand stores than before.

Table 2. Distribution of Contributions (thousands of SEK)

Operating Revenue	2012	2011
Regular donations	21 954	21 152
Bequests	9 867	13 150
Other donations	7 124	9 393
Children of the World Campaign	4 880	3 496
ERIKS Second Hand Stores	22 320	21 946
Total	66 145	69 137

Source: Sköld and Samuelsson 2012: 46

Each second hand shop has certain rights to decide about things like pricing and items for sale. After receiving donations from people, store staffs should revalue the things which refer to things in other second hand stores. Generally speaking, they usually put a relatively low price to the things on sale. Anna said Erikshjälpen is one of the cheapest second hand shops in Sweden. Myrorna is an organization runs famous second hand shops in Sweden, but it concentrates a lot on their products and tries to make the biggest profit. Compared to Myrorna, Erikshjälpen concentrates more on customers; they are trying to reach everyone from the rich person to the poor students who just need cheapest clothes. Anna emphasized that making profit is not the only purpose of Erikshjälpen to run second hand stores; they want to sell donations to those who are really interested in.

On the other side, if they keep prices too low, they do not show respect to the donors and to the valuable products. They have to consider the feelings of donors, because when someone donates an expensive thing like a piano, they want to set some value from the donation. Anna hopes the right persons will get the right things at reasonable prices at their store. They are doing philanthropic aid to the customers when they run a second hand shop and try to set reasonable prices. This is quite different from the private firms and companies who put the profit in the first place. I think that's because Erikshjälpen is a NGO who is running charity-oriented business.

In firms of partners, Erikshjälpen also works with an organization of disabled people. These people help Erikshjälpen to organize the shop and do some packing things. In general, they could get a job depending on their working abilities, but they don't get paid directly from the organizations or companies they work at, but from the government. It is a wise way to make their job meaningful, put them in a charitable and friendly situation, and with less work stress. These disabled people act as volunteers for Erikshjälpen because they are paid from the government rather than from Erikshjälpen.

In the secondhand shops, most of the work is done by volunteers. Volunteers are also helping out with the recycling and renewing of things for sale through their creative imagination. Apart from the disabled people, volunteers have diverse backgrounds. Some of them are retired and they don't want to lead a boring life at home, so they join the Erikshjälpen and help with charity (Sködd and Samuelsson 2012: 31).

Besides, there are also some employed persons at Erikshjälpen Lund. Anna is one of those who get paid. Different shops have their own job allocation. Some shops are run totally by volunteers, while some have shop bosses, and employees. It depends on what kind of shops it is and what kind of ambition, task and budget it has. At Erikshjälpen Lund, there are two store managers and two other staffs employed, the rest of the staff consists of volunteers.

7. Findings and discussion of the Comparative study

I've made interviews with representatives of two different NGOs in Lund, Erikshjälpen and Individuell Människohjälp (IM). According to the comparison between these two NGOs, I come up with findings and discussion to find out the merits and shortages due to commercialization in the process of their development.

7.1 Findings

The findings are the following

- Commercialization plays a modest role for NGOs to keep sustainable over time in Sweden.
- Commercialization creates more chances for NGOs to cooperate with government and other international organizations.
- Commercialization provides new job positions to disabled people and volunteers.
- Commercialization produces a charity-oriented market.
- Commercialization facilitates the organization management.

7.2 Implications

A distinction between these two NGOs is their financial income. IM gets its financial income from funding by private donors and SIDA. Erikshjälpen is much more commercialized compared to the IM, because 23% its financial income derives from second hand shops. Thus fund is still in the dominating place as the financial source for NGOs. These two NGOs are both self-reliant and independent, while IM rely on the diversity of donors to become independence rather than commercialization. It just responds to Sanovbar (2011)'s argument that break through old relationship between different stakeholders and become self-reliance. It shows that commercialization is not the only way to help NGOs be independent on their decision-making. Commercialization plays a modest role for NGOs to keep sustainable over time in Sweden.

Partnership plays a very important role in NGOs' commercial activities and their global projects. Both NGOs are cooperating with local organizations. Commercial activities of both NGOs help out to deliver money to the producers and the schools. SIDA (2013) also encourage commercialization of NGOs to reduce poverty by helping poor people enter into the market. Organizations and governments prefer to

let those people work with NGOs because NGOs will provide a relatively comfortable working environment. This supports Lewis & Kanji (2009)'s theory that partnership is beneficial for commercialization. Commercialization creates more chances for NGOs to cooperation with government and other international organizations.

Both NGOs are providing jobs for volunteers, disabled people, and others to work in their shops. Apparently, volunteers like retired old people, are likely to work with NGOs, doing charity and making contribution to the society. IM usually has some fika and baking time for volunteers to improve the interaction. Erikshjälpen gives plenty of chances for Christians to show their inspirations of charity to the society.

In terms of their commercial activities, both NGOs regard shops as part of their social work and it means they are having charitable-oriented businesses, which distinguish them from the private firms. Erikshjälpen runs shops for making profits; however it simultaneously provides philanthropic aid to customers. For example, they have a relatively low price to fit everybody from rich to poor. IM clearly stated that their fair trade shops are a part of their social work to help reducing poverty instead of making profit. Because of the different objectives of running business, NGOs are doom to create a charity-oriented market and try to make as much philanthropic aid as possible to the society. To provide job positions for disabled people is a part of the philanthropic aid in Erikshjälpen.

Erikshjälpen is a well commercialized NGO and its management is also in good order. It has a central organization to conduct distribution of money and projects. The profit from every second hand shop is divided into three parts: the first part pays for the shop, like the rent and employees, the second part goes to projects, and the rest goes to the central organization. Obviously, Erikshjälpen second hand stores are self-reliant enough to deal with all costs and projects both in local and in central organizations. Erikshjälpen has both fund and economic income, so it has perfect financial source system to get as much money as possible to cover the budget.

Erikshjälpen is originated by running shops, while IM has a small shop for refugees and immigrants to sell things and get some income at the very beginning. With the time went by, the scale of Erikshjälpen stores is getting larger and IM shops are tagged with Fair Trade. The commercial development of both NGOs is increasing over time. Viravaidya & Hayssen (2001)'s argument has been identified by these two NGOs that the emergence of commercialization is not a strategic decision but a natural process of NGOs development.

Korten (1990) has depicted four generations that NGOs pass through. Both NGOs are in the fourth generation since they are working in developing countries. Obviously, commercial activities are part of their international social work, which proves that commercialization contributes to NGOs' dynamic transformation from a limited extent to a relatively large extent, from local to global.

8. Conclusion

As non-profit organizations, NGOs take part in the society to provide humanitarian aid and social assistance to people in need in developed and developing countries. This paper shows that commercialization plays a modest role in NGO's survival and development, but that in the future it can play a more important role in creating more chances for NGOs to cooperate with governments and other international organizations, providing new job positions to disabled people and volunteers, producing a charity-oriented market, and facilitating the organizational management.

Commercialization is not necessarily just a financial support for NGOs, it can be a new mode of organizations' social work, not to make profit but to contribute to development aid and help people in need or as a connection between developed and developing countries. Commercial activities are beneficial to the development of

NGOs' partnership, financial income, market, and management.

Commercialization benefits IM to form a new mode of social work and provide a higher prices, and fairer market to producers in developing countries. It shows respect to people to sell their handicrafts in the market rather than give them money and life supplies directly. On the other hand, commercialization benefits Erikshjälpen with profit-making and regulates its administration in a more charitable-oriented way, as its second hand shops are responsible for their own projects and provides openings to volunteers and disabled people.

However, I cannot claim that my research is substantial enough to answer the research question, since I did not have time to interview as many NGOs as I wanted. I've only interviewed representatives of two NGOs and one person in each of the NGOs. That's far from what is needed to come up with a reliable and credible result. If possible, I hope to be able to do more research on the same topic but with more data and different more research methods to draw a more persuasive conclusion.

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