



Nongovernmental Organizations Transforming into Social Enterprises in the Process of Institutionalizing Solutions to Major Social Crises for Ensuring Sustainable Social Development

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ABSTRACT

This study highlights a significant trend among nongovernmental organizations (NGOs) in coping with the challenges they frequently face. Across the world, many NGOs are increasingly transforming into social enterprises. The core reason for this shift is the chase of self-sustainability, particularly financial sustainability, to achieve their long-term objectives of sustainable socioeconomic development. Through a literature review and case study method, this study explores the reasons behind these transformations and NGOs' innovative strategies. The research also emphasizes the institutionalization process, examining the needs, challenges at various stages, and opportunities NGOs encounter. To provide more precise insights, this study presents brief case studies of three renowned NGOs from different countries that have commercialized their activities by offering various revenue-generating products and services. Based on a detailed study and the concepts presented, the research recommends several policies to governments, stakeholders, and other concerned bodies. This simplified concept will help readers, concerned stakeholders and scholars understand this area better and add valuable knowledge.

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1. Introduction

In the past few years, development-focused nongovernmental organizations (NGOs) have become more visible and influential across various levels of society. NGOs demonstrate substantial evidence of their effectiveness in tackling societal challenges, leveraging their passion, experience-based knowledge, and commitment to deprived and marginalized

communities worldwide (Weerawardena et al., 2010). Many social crises seem challenging to resolve and are becoming more complex day by day. As a result, it accounts for criticism of traditional NGO models regarding their effectiveness in such critical situations (Ko & Liu, 2021). Concerns are rising over whether NGO strategies might produce meaningful, sustainable and demand-age outcomes. An upper hand to modern business climate competition has kept traditional NGOs in the congestion of fewer individual donations and less government financing (Liu et al., 2015). Thus, financial self-dependency is becoming evident for continuing the mission-driven activities of NGOs with long-run sustainability (Maier et al., 2014). To address these challenges and enhance their impact, many NGOs are changing their mindsets and functional structures and starting the practices of social entrepreneurship (Maier et al., 2014; Rindova et al., 2009). In contrast with nongovernmental organizations (NGOs), which were dependent on private donations and public funding, social enterprises (SEs) focus on earning money from their operations while addressing any key social challenges (Litrico & Besharov, 2019). Indeed, according to Liu et al. (2015) and Weerawardena and Mort (2006), there is a growing demand for mission-driven social enterprises that can create tailored and innovative solutions to pertinent social problems.

This study explores the process of institutionalization, i.e., how NGOs who seek to become social enterprises (SE) facilitate sustainable solutions for continuing social problems. Institutionalization refers to forming rules or principles within an organization or society. So, to institutionalize something is to make it a typical or standard practice within a given context. In their case study on Chenguo Company, China, Zhang et al. (2023) showcased the institutional mechanisms by which a commercial enterprise transforms into a social enterprise. Their research significantly contributed to the discussion on mission drift in the context of using commercial means for public goods. To ensure the self-sustainability of the organization in solving long-term key social problems, some NGOs worldwide are attempting to transform their institutional norms, practices, or principles. For example, an NGO working to improve education in a deprived area might transform into a social enterprise (SE) to provide low-cost (which can cover operating expenses) and high-quality education to marginalized populations. Such an SE might also drive policy changes or engage in public education to improve the comprehensive education system (Halsall et al., 2022). NGOs can augment their impact, build trust, and better structure social change through institutionalization. However, the key question arises: What mechanisms are followed by NGOs to transform themselves as social enterprises? *What are their step-by-step strategies for transformation with a core concentration on addressing social problems, coping with persistent challenges and ensuring self-sustainability?*

This study addresses the above questions by exploring the motivations, strategies, and outcomes of transforming NGOs into SE. This paper also explores how this shift may enable innovation, collaboration, and the effectiveness of the core objectives of NGOs. Three renowned case studies from around the globe and existing research have been used to investigate the emerging trend and identify interactive influential factors. It examines what this process implies about the larger domain of social change and what role adaptive and enterprising perspectives can play in addressing society's most complex challenges. Lessons to be learned for making a difference in society in the modern era can be understood well by looking at the experiences of NGOs that transformed themselves into social entrepreneurs (Cho & Sultana, 2015). NGOs are converting to social enterprises that use market forces, social innovation, and trial-and-error (Chang et al., 2021) in pursuing new solutions to different problems like poverty, inequality, environmental degradation, and health (Santos, 2012). This study provides a sophisticated understanding of the relationship between social

needs and market solutions, thus equipping organizations with the tools required to exercise in an ever-changing social environment successfully.

The remaining parts of this paper are organized as follows: Section two investigates why this change is necessary by reviewing the problems with the traditional NGO model and how new, more sustainable ones have emerged. In Section three, with the help of many supplementary readings, my study delves into the idea of social enterprises as a whole. It draws attention to the key distinctions between these organizations and NGOs. In the fourth section, I will review what drives this shift. Then, it will look at case studies that illustrate the process and its effects. Major social crises and their institutionalization are also important findings of this section of the study. The study has concisely described the policy consequences and future directions. A synopsis of the discussion and results rounds up the study.

2. Methodology of this Study

A mixed-method approach is used to conduct this study, including a rigorous literature review and an intensive case study. It has been tried to provide detailed insights into NGOs, their limitations, challenges, opportunities and influential factors for transformation with the help of relevant literature. For a clear understanding of different concepts sequentially, core points and sub-points are separated in a structured way. Three cases have been selected from different corners of the globe to grasp the idea from the global perspectives. Cases have been analyzed with their historical formation to the current condition and tried to excavate obstacles, flow charts, strategies and effectiveness of transformation as social enterprises.

3. Literature review

3.1 Social entrepreneurship and social enterprises

Social entrepreneurship is defined as the creation of value for both society and the environment rather than simply maximizing profits (Acs et al., 2013). It addresses significant social challenges such as poverty, unemployment, gender inequalities, social exclusion, and environmental protection (Haugh & Talwar, 2016). A social enterprise (hereafter SE) is an innovative organization that aims to achieve social good and financial sustainability by solving prevailing social problems through entrepreneurial initiatives (Defourny, 2001; Monteiro et al., 2022). Unlike NGOs, social enterprises do not solely focus on social impact; they also offer goods or services that address social issues (Kerlin, 2010). They finance operations through self-generated income or a mix of income and grants, with their success measured by their positive impact on society rather than profitability (Oberoi et al., 2020). Social enterprises are mission-driven, with this mission serving as the guiding force in their operations and decision-making processes. However, emerging social enterprises, especially those transitioning from NGO to social enterprise, encounter substantial hurdles regarding overall sustainability, which may impede their capacity to fulfill their social objective, including poverty eradication (Ayoungman et al., 2023). Social entrepreneurs utilize new approaches to confront established norms and pursue economical, sustainable solutions.

3.2 Differences between Social Enterprise and Traditional NGO Models

Nongovernmental organizations (NGOs) are self-regulating organizations that address different social and environmental problems, aiming for socioeconomic development without concentrating on monetary returns. They are mainly relying on donations, grants, and government subsidies. On the contrary, social enterprises apply business techniques to

address social and environmental challenges and achieve financial viability (Ko & Liu, 2021). Many NGOs are changing into social enterprises, particularly in financial or social crises, to maintain their financial autonomy and develop real social impact, thereby relying less on the uncertain funds of donors (Chang et al., 2021). Unlike conventional NGOs, which often rely on donors to fund charity or aid-oriented policies to solve social problems, social enterprises utilize entrepreneurial approaches. These enterprises emphasize sustainable and market-driven solutions, innovation, and impactful and scalable remedial techniques for the problems dealt with (Liu et al., 2021). Their ultimate aim is to initiate systemic transformation rather than provide temporary assistance. Traditional NGOs mostly rely on external financing sources, such as contributions, grants, and government subsidies, to conduct their activities or fulfill their objectives. Conversely, social enterprises produce adequate revenue by selling need-based goods and services, aligning their financial sustainability with their social mission. (Peng & Liang, 2019). This method allows them to alleviate their reliance on charity or donor funding and enhance their financial sustainability to achieve their objectives.

4. Discussion

NGOs are crucial mediators in addressing social issues, leveraging local networks, and advocating for initiatives and services to tackle diverse challenges. Nonetheless, traditional NGO approaches are proving inadequate in addressing critical socioeconomic emergencies. (Kerlin & Pollak, 2011). There are many reasons for such limitations. Based on the primary data survey and analysis conducted accordingly, Mikołajczak (Mikołajczak, 2020) obtained that social functions ranked above those NGOs whose commercial activities are also priorities. Among his observed social enterprises, a high-quality and structured functional scope with a clear vision was realized for NGOs' business activities over those without commercial activities.

4.1 Problems encountered by traditional NGOs

Traditional NGOs frequently confront different problems that restrict their ability to address core social problems effectively. The remarkable causes are as follows:

Dependency on Donor Funding: Most NGOs generally rely on donors' funds to cover operating costs and successfully complete their mission-driven social projects. Such funds may come from local and international charities, trusts, welfare organizations and associations. Such operating monetary flows are gradually reducing in recent times, making the mission-driven activities of NGOs much more challenging to fulfil (Dahles et al., 2020). NGOs face diverse difficulties with long-term social issues solving missions for their operating areas, which makes them questionable because of financial volatility.

Small-scale operations: In different countries, several NGOs operate on a small scale, focusing on individual project-based achievement targets. *This* can limit their ability to handle societal problems from the macro perspective (Sangmi Cho, 2015). It might be difficult for them to address any sudden problem where widespread interventions are highly required.

Functional overlapping: The fact that many NGOs are working on similar issues can create fragmentation and duplication in their efforts and lead to inefficient service delivery and gaps in the implementation of services. One of the main criticisms against the NGO industry is that there are so many overlapping initiatives and resources but no cooperation and coordination between them, closing the door to synergy and collective success (Maier et al., 2014).

Bureaucracy and Inflexibility: Conventional NGOs may have challenges regarding adaptability and innovation because of their bureaucratic structure and methodologies. In volatile environments characterized by social turmoil, adapting rapidly and exploring novel ideas is crucial for effectiveness.

4.2 Growing Demand for Innovative and Sustainable Approaches

Many recent challenges are moving us towards realizing that we need innovative and sustainable ways to contest fundamental and long-standing societal problems. The following factors are influencing this inevitability:

Changing donor preferences: Most charities, donor associations and governments impose conditionalities on the funds they release to social service organizations like NGOs, which is gradually changing. They are requesting the NGOs implement evidence-based, outcome-oriented, and positive social change-related initiatives. This concern for accountability, transparency, and impact assessment forces NGOs to introduce more complex evaluation systems and outcomes-based projects and initiatives.

Recognition of the Value of Market Mechanisms: Social entrepreneurship and impact investing have demonstrated the feasibility of utilizing market approaches to address social issues. Through their transformation process, NGOs can leverage business rules and market forces to develop sustainable income sources that reduce their dependence on donor funds while reaching more stakeholders and achieving more significant results.

Interconnectedness of Social Problems: Many social issues are complex and interconnected, requiring innovative and systemic solutions. Impoverishment, environmental degradation, malnutrition, gender inequality, and unemployment are remarkable among many other problems. Such social challenges could be complex to solve with a traditional approach, which traditionally depends on charity funds or support from other volunteer sources.

Emerging Technologies and Tools: Technological advancement and communication networks have paved the way for researching innovative approaches to address the problems of society. With such advancements, the funds could be raised through online platforms, giving the functions of NGOs, and impact assessment would be simple by analyzing a vast amount of data. So, it is not a challenging task for NGOs to involve more contacts and widen the work area.

This dynamic has forced many NGOs worldwide to transform into SE. They are reassessing roles, systems, and approaches to include concepts of SE through transformation. These organizations use innovation, collaboration, and a strategic vision to help create new solutions to important social challenges. They encourage lasting change in cultures around the world.

4.3 Drivers and Barriers of Transformation

NGOs become social enterprises driven by internal and external factors. Several determinants can hugely influence the transition from traditional NGOs into social enterprises. These factors allow for the establishment of solutions to major social problems. The remarkable factors are:

Mission Alignment and Effectiveness: NGOs might change their ways of identifying a mismatch between their goals and delivery. Traditional NGO models may no longer be sufficient to achieve their social goals, requiring reevaluating their approaches and methods.

Establishing Commercial Revenue Strategies: In addition to conventional sources of funding, NGOs are also expected to explore and adopt income-generating strategies that encourage them to transition to become social enterprises. It can be executed by offering a need-based environment, friendly products, and/or services to generate business-type profit, establishing policies and strategies for this purpose, and collaborating with concerned institutions. Financial sustainability through social enterprise models offers an alternative pathway to secure revenue streams and reduce dependence on external donors.

Creating a Professionalized Organizational Structure: One of the most important parts of the transformation process is restructuring the organization. Nongovernmental organizations (NGOs) should professionalize their operational strategy, management structure, human resource management policies, accounting and financial policies, stakeholder involvement, and current policies. These include adopting business-oriented practices while maintaining their social mission.

Legitimizing a Socio-Commercial Business Model: Social enterprises operate at the stage of social impact and financial sustainability. If NGOs are to justify their dual focus, they must master a delicate balancing act between humanitarian goals and business sustainability. This entails ethical behavior, transparency, and stakeholder buy-in (Ko & Liu, 2021).

Capacity and Expertise: NGOs with the necessary capacity and expertise may proactively seek to transform into social enterprises to leverage their strengths and capitalize on emerging opportunities. Organizations with a track record of innovation, strategic partnerships, and effective program delivery are better positioned to navigate the complexities of the transformation process. When realizing their limitations, NGOs may transform into social enterprises to unlock new opportunities for further development and scalability.

4.4. Case studies as examples to explore their transformation strategies

This section has taken three cases to describe the transformation logic and requirements with the institutionalization process in interpreting the meta-theme from the context-specific perspective. The research has taken the three cases (Bangladesh Rural Advancement Committee (BRAC), Siyabonga Africa, and Oxfam International) after carefully and thoroughly considering specific criteria. These cases are pretty relevant examples of transformation in global development and societal change. Various factors shaped the selection process to ensure that the chosen cases provide valuable insights and serve as referential frameworks for study. Selected cases have achieved global prominence, operating across regions and countries. With a global footprint, they have field-tested and tailored ideas in diverse socioeconomic conditions to provide a comprehensive strategy for poverty alleviation and social revolution.

The organizations we have profiled have been chosen because they represent very different types of organizations: BRAC is a giant NGO, Siyabonga Africa is a South African NPO, and Oxfam is an international NGO confederation. The different organizational structures allow you to dive deep into transformative tactics observed in different models. All of the organizations selected have vast experience, with BRAC being established in 1972, Siyabonga Africa having thirty years of experience, and Oxfam International being created in 1995. This length of time implies the ability to make a permanent impact and evolve to meet new challenges over time. The cases were chosen for their comprehensive approaches to combatting poverty as a core social problem. The areas include education, health care, economic growth, and activism, and they represent the fact that the bulk of social issues are interconnected, and addressing them is key for actual socioeconomic development. Organizations are dedicated to being innovative and flexible when facing challenges. This

criterion means that the cases selected show adaptable responses to changing socioeconomic conditions, and innovative strategies are used to accomplish them. Including this justification at the beginning of the analysis helps to frame the rationale for finding these cases, as well as the criteria that informed their choice. It provides a foundation for a deeper exploration of their change strategies and a richer understanding of how these organizations attempt to achieve positive change.

4.5 (a) Case one: Bangladesh Rural Advancement Committee (BRAC)

BRAC is one of the largest and most reputed international nongovernmental organizations (NGO) founded in 1972. Since Sir Fazle Hasan Abed established BRAC to offer support for people in Bangladesh's battle for independence the organization has developed into an adaptable force dedicated to bettering poverty conditions and inspiring community transformation. Transformative changes generally seek to enhance underprivileged populations' healthcare access while increasing their educational options and economic development standards and social opportunities. The world has been struck by BRAC's successful work in microfinance and social entrepreneurship and improved healthcare and investment in women's education and rights (Sangmi Cho, 2015).

Practical Approaches: BRAC implements strategies like an actual developer. The organization developed multiple social enterprises which generated financial income for their operations. Their initiative supports multiple programming areas that address poverty barriers through education and healthcare alongside economic development and microfinance services and private-school programs. Through this broad-reaching strategy BRAC attempts to resolve basic issues to free disadvantaged communities and achieve long-term transformative outcomes in order to create sustainable development. That organization recognizes the significance of local context after working directly with communities to let them participate in decision-making processes. BRAC uses community-driven methods to develop specific interventions that suit unique community requirements which improves both the success and endurance of their programs.

Challenges and solutions: As a large-scale operational organization, BRAC faces many challenges and limitations. These include financial constraints, logistical complexities, or adapting to dynamic socioeconomic conditions. The foundation of BRAC's ability to address these challenges is its responsiveness. The organization employs innovative funding mechanisms, leverages technology for efficiency, and develops partnerships for its challenges.

Community-focused solutions: The problems faced in the community can best be addressed with community-centered solutions. BRAC understands that different communities face unique challenges and tailor interventions accordingly. By involving community members as active designers and problem solvers, BRAC ensures that solutions are culturally relevant, sustainable, and owned by the community.

Impact and outcomes: BRAC has demonstrated many measurable impacts on its service-providing areas. Through its multiple projects, the organization has brought education, healthcare, and economic possibilities to millions of people around the globe. Measurable results are higher literacy rates, improved health indicators, and better livelihoods for individuals and communities. The idea of being in it for the long haul is clear at BRAC; they are not interested in a quick fix. The organization's focus on education serves the needs of the current generation and also plants the seeds for ending the cycle of poverty for generations to come.

4.5 (b) Case Two: Siyabonga Africa

Siyabonga Africa is a South African-based Nonprofit Organization (NPO) and Public Beneficiary Organization. Its primary goals are the elimination of poverty and the advancement of social change. Siyabonga Africa is working towards sustainable change for Africa, and they have a verified B-BBEE designation to boot. Providing food, blankets, clothes, and other essentials to people in need is the immediate priority, but there is also a longer-term goal. Siyabonga Africa provides the environment and opportunity for people to break the cycle of poverty. Over the last three decades, it has created various programs to assist individuals, from the most vulnerable to those with untapped talent, people who are unable to become self-sufficient (Africa, 2024).

Practical Approaches: Siyabonga Africa indeed adopts a holistic approach to poverty alleviation. Along with fulfilling basic needs, the mission emphasizes the mission to create sustainable ecosystems and opportunities. These initiatives are designed to empower a broad range of people, especially the most vulnerable and those with unrealized talent who lack the chance to become self-sufficient. Siyabonga Africa empowers the community – it is their core strategy. The organization works closely with communities to better understand their needs and challenges. By involving community members in the conceptualization and implementation of initiatives, Siyabonga Africa ensures that solutions are culturally sensitive and appropriate to the unique experiences of the populations it supports.

Challenges and Solutions: As is typical with organizations in the social impact sector, Siyabonga Africa faces challenges in achieving its mission. Problems can range from budgetary restrictions to logistical challenges. By utilizing adaptive strategies such as innovative funding models, strategic partnerships, and a commitment to continuous improvement in response to the shifting socioeconomic landscape, Siyabonga Africa addresses these issues. It provides tailor-made solutions to tackle challenges different communities face on a micro-level. It has learned that there is no one-size-fits-all approach, tailoring its interventions to local conditions and needs. This ensures that solutions are relevant to the context and make an impact.

Measurable Contributions: Siyabonga Africa's contribution is very concrete and measurable. Over 24 years of operations, the organization has improved thousands of people's and communities' livelihoods, education, and overall well-being. Siyabonga Africa's programs have measurable effects; participants report improved economic prospects, living conditions, and self-sufficiency.

These results are not just for an immediate response; they are for empowerment and long-term sustainability. Through Siyabonga Africa, to create opportunities for self-sufficient livelihoods, the positive alterations implemented are sure to remain. The organization empowers individuals and communities to drive change for themselves and future generations, making a lasting impact on eradicating poverty and achieving positive societal transformation.

4.5 (c) Case Three: Oxfam International

Oxfam International is a confederation of 20 independent nongovernmental organizations (NGOs) operating in over 90 countries. Oxfam International has been fighting poverty and social injustice through an integrated approach that includes economic justice, development programs, humanitarian work, gender justice, climate change, and campaigns. Oxfam's fundamental mission is to eliminate poverty and battle structural inequality by addressing urgent emergencies and the underlying causes of disadvantage (International).

Practical Approaches: Oxfam uses a comprehensive and multifold strategy to tackle the complex issues of poverty and inequality. The group follows the concepts of providing immediate humanitarian aid during emergencies and implementing sustainable development initiatives and impactful advocacy campaigns. Oxfam aspires to achieve durable and systemic change by collaborating across different sectors. Community engagement is the fourth pillar in Oxfam's working strategies. Oxfam works extensively with local partners, governments, and similar organizations to maximize their effectiveness and place efforts tailor-made to the specific needs of the communities they serve.

Challenges and Solutions: Oxfam operates within complex and wide-ranging global operations, which, on occasion, poses a challenging prospect. Challenges could include geopolitical difficulties, financial constraints, and adapting to rapidly changing socioeconomic settings. Oxfam addresses these challenges through strategic directives, which include diplomatic engagement, fundraising from various sources and a willingness to adapt to changing global realities. Nurturing systemic change is complex because it has to be done in the context of separate political and economic landscapes. The challenge for Oxfam is to change policies and practices around the world. The organization counters this problem through relentless advocacy, grassroots mobilization, and partnerships with like-minded groups to facilitate systemic change.

Impact and outcomes: Oxfam has a tangible and growing impact worldwide. Its numerous projects have each made significant contributions to education, healthcare, economic opportunity and gender equality worldwide. Oxfam's work has helped shape dialogues on poverty, inequality, and social justice, leading to laws and actions for a more equitable world.

Sustainable change and empowerment: Oxfam's outcomes go beyond immediate relief efforts and aim for sustainable change and empowerment. They aim to implement long-term development projects that facilitate sustainable improvement of individual and community quality of life. Because of Oxfam's commitment to addressing the root causes of poverty, the changes it initiates have a profound and enduring impact on the communities it serves.

BRAC, Siyabonga Africa, and Oxfam International are all founded on the same methodology of the social sustainable development process that fosters community engagement and systematic action for long-term deliverable outcomes. All these groups have moved from providing immediate relief to running comprehensive programs that address the root causes of poverty and inequality. They focus on enabling people and communities through tailored solutions, including community members in decision-making processes, and ensuring the cultural relevance of the programs and projects. Despite facing financial constraints, operational issues, and complex socio-political contexts, these organizations have shown resilience and adaptability through new funding mechanisms, strategic partnerships, and a commitment to continuous improvement.

The transformation of NGOs into social enterprises is a pivotal shift in the methodology for addressing social change, underscoring the importance of entrepreneurship, innovation, and cooperation in confronting the paramount challenges of our era. By adopting this transformative approach, NGOs can uncover new avenues for impact and contribute to establishing a more inclusive and resilient society. The transformation of institutional structure and commercialism can indeed increase the availability of wealth for NGOs, but some challenges also produce logical consequences. Reallocation of tax advantages, changes in managerial values, and replacement of public funds for private gains are the core of those challenges (James, 2004). In the chapter of the book James (James, 2004), the author also opined that it is the accountability of both the NGOs, nonprofit sectors as

well as policymakers to re-investigate the existing policies of the sectors from the comparative advantages, threats, obstacles, and rigorous empirical research may assist to figure out the appropriate direction for the transformation process.

According to the theoretical concepts and overall discussion, the transformation flowchart can be depicted as the below structure:

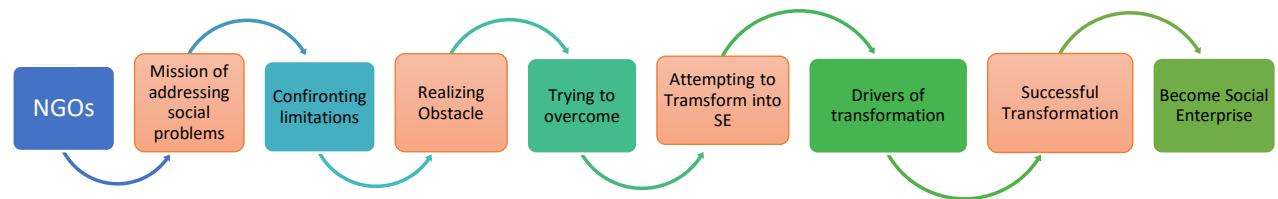


Figure 1: Transformation flowchart

4.6 Institutionalizing Solutions to Major Social Crises

Establishing strategies to tackle major social issues is essential in transitioning from traditional NGO frameworks to social enterprises. Through their mission-oriented focus and sustainable economic frameworks, social entrepreneurs play a vital role in institutionalizing solutions by incorporating innovative concepts into current social frameworks. This section explores how social entrepreneurs create solutions and highlights the importance of collaborating with diverse stakeholders to attain sustainable impact. With the data that was interviewed and its analysis, Ko and Liu (Ko & Liu, 2021) identified six diverse types of institutional work to incorporate commercial procedures and transform existing nonprofit institutions into social enterprises in three different realms. These are: "engaging commercial revenue strategies," "creating a professionalized organizational form," and "legitimizing a socio-commercial business model" (Ko & Liu, 2021). A survey-based study conducted by Vaceková et al. (2017) in the Czech Republic showed their argument that the ethical structuring of such commercialization idea is often sufficient for the transitional aspect depending on the country-specific conditions. The authors have presented the debate of the Western commercialization process and outlined the Czech Republic's perspective by explaining the significance of transformation.

Development of SE answers to significant social problems by utilizing a comprehensive strategy that includes policy settlement, capacity building, and community engagement. Social businesses use their entrepreneurial spirit and market-driven techniques to propose novel remedies that tackle systemic issues and create enduring change. Like Grameen, BRAC in Bangladesh also innovated microfinance to alleviate poverty by offering financial services to marginalized populations and enabling individuals to transcend poverty through entrepreneurship. This is fundamental in the institutionalization process since the merging of interests, the consolidation of complementary skills and working together towards the goals are facilitated by stakeholder-wise engagement. Governments, corporations, and communities all have distinct roles to play in supporting social entrepreneurs and increasing their impact. Governments can establish regulatory frameworks and afford financial support for the development of social entrepreneurship. One such initiative is the Social Investment Fund in Brazil, which promotes partnerships between public agents and social enterprises to address poverty and inequality (de Medeiros Costa & e Silva, 2021).

By partnering with social entrepreneurs, corporations play a critical role in advancing social innovation and sustainability. The Unilever Sustainable Living Plan demonstrates how

companies can collaborate with social entrepreneurs to tackle environmental and social issues while producing mutual benefits for stakeholders (Lawrence et al., 2019). Companies integrate social and environmental elements within their business models, playing a role in solving significant social problems and expanding inclusive growth. It also necessitates the input of the community that structures proposed solutions to ensure that interventions account for context, culture, and diversity of experience. One such example here is Siyabonga Africa (Africa, 2024). Social enterprises such as Barefoot College in India emphasize the importance of community engagement and ownership in their programs, where local communities lead and sustain change in the long term (Kummitha, 2017). Through a participatory approach and community-driven development, social enterprises cultivate resilience, social cohesion, and collective empowerment in tackling significant societal challenges. Social entrepreneurs should apply innovation to existing structures and institutions to embed solutions for systemic social needs. Significant cooperation with governments, businesses and communities is critical to improving impact and building lasting change. Social enterprises can create solutions to systemic issues and foster social change by forming multiple stakeholder coalitions and focusing on community engagement (Chang et al., 2021).

5. Conclusion, Policy Recommendations and Limitations

This theoretical study has investigated the transformation strategies of NGOs into SE to tackle substantial social challenges with a concentration on their sustainability. These global phenomena make government policies indispensable measures for helping NGOs have an impact and guaranteeing sustainable social growth. Governments can stimulate NGOs' innovation, collaboration, and influence by enabling an environment through targeted policy initiatives. Governments need to create enabling legal systems to support NGOs' transition to social enterprises to achieve sustainable social impact. In this respect, it is important to create tax refunds, subsidies and financial instruments to stimulate NGOs to adopt social entrepreneurial models. Furthermore, strong training should be offered to teach leaders of NGOs how to run social businesses effectively. Revising legal systems and policy frameworks to acknowledge nonprofits as problematic yet financially sustainable entities committed to tackling social challenges is also essential. Regulatory authorities should urge NGOs, businesses, and other stakeholders to work together to solve complex social problems. They also need to promote more joint efforts by NGOs, private businesses, and governments to coordinate efforts and solve social issues. Moreover, concerned authorities can highlight successful NGO-to-social-enterprise transformations to build public support and foster a culture that embraces hybrid organizational models. The mentioned recommendations outline key ways the concerned stakeholders can help the NGOs effectively adjust toward the transformation phase into an SE trend. The policy measures seek to create a favorable environment for NGOs as they transition into social enterprises. Policymakers contribute to an environment that encourages the development of long-term, scalable, and realistic solutions to current societal issues. Through this way, they can contribute more positively towards sustainable socioeconomic development with their self-sustenance.

Transforming an NGO can be challenging since it may need significant changes in philosophy, culture, governance, or operations. It may also carry risks such as losing identity, credibility, or autonomy. NGOs must adequately assess change's necessity, viability, and repercussions and involve stakeholders and beneficiaries at all process stages. This study examined how NGOs transformed into social entrepreneurs to solve major societal problems. Just a year ago, we escaped a severe global crisis named the COVID-19 pandemic and observed a significant role of social enterprises worldwide, especially in many developing and underdeveloped countries. A research study identified the multifaceted roles of social

enterprises in Iran (Mohseni et al., 2022; Sayarifard et al., 2022) during the COVID-19 pandemic. The activities included job creation, livelihood facilities, family caring for those who lost their income-generating members, advice and motivation for vaccination, rising health and virus protection awareness etc. Many NGOs performed similar diverse activities and played different roles as social enterprises formed, unlike their traditional NGO operational strategies (Alizadeh et al., 2020; UNESCO, 2023). This study examined the numerous components that influence the process of social entrepreneurship, from recognizing the need for change to analyzing the forces that drive it and the hurdles and potential future directions. Social enterprises may assist in accomplishing the Sustainable Development Goals and create a fair, egalitarian, and sustainable world for future generations by adopting new trends, leveraging technology and innovation, and forging cross-sector alliances.

One limitation of this study is its results' generalizability. Future research should employ massive databases to establish if the social entrepreneurial sector helps conventional NGOs become SEs. Second, our research lacks numerical data. Secondly, it is well known that institutional entrepreneurs need business-like processes and frameworks. Future research can compare institutional labor types. Thirdly, listed as social organizations, SEs are defined in this study as groups that have made a profit while maintaining their status as nonprofits. This strategy distinguishes SEs from more typical NGOs. However, it is unclear if the latter has "successfully" integrated commercial processes into their business models or is still "working in progress" in adding more services to support commercial activities. Finally, our findings suggest additional research. Now that we know which practices make up the different types of institutional work traditional nonprofits do when they become SEs, we can plan future studies to examine the challenges traditional NGOs face when implementing these practices and the innovative solutions institutional entrepreneurs have found. Such future studies could have theoretical and practical implications for social enterprise management practices and institutional entrepreneurship in social organizations. The transition from NGOs to more commercially orientated SEs is an important topic, and we hope researchers will keep digging into it.

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