

## *Determining the Sustainable Future of NGOs, From Historical and Contemporary Lenses*

**Abstract:** Players in the social sector are unique partners in the global drive for a sustainable future. There however exists a precarity in the nature of this sector's perception and incorporation which would usually leave rhetorical questions about its future. In a market economy profit making is the primary source of growth of the enterprise and its sustainability. Nonprofits do not run on objectives of profit-making, rather they address social challenges and imbalances via their value-creating activities, which ensures their potential to attract funding from corporate, governmental and private donors and volunteer support to sustain their activities. Social enterprise a business concept that blends profit with public good is proposed as a sustainable model for social service provision. Via historical and empirical evidence and nonrepresentative semi-structured interviews of NGO representatives in Hungary this research assess organization's awareness of the concept and the possibility to make a transition. Findings reveal that the obstacle to an equilibrium shift is due to the value NGOs bring to check the failings of the market economy. **Keywords:** Sustainable development, social enterprise, transition, hybridization, nonprofit.

**Összefoglalás:** A szociális szektor szereplői egyedülálló partnerek a fenntartható jövő érdekében kifejtett globális erőfeszítésekben. Ennek a szektornak az értelmezése és beágyazódása azonban bizonytalanságot mutat, amely rendszerint retorikai kérdéseket vet fel a jövőjével kapcsolatban. A piacgazdaságban a profitszerzés a vállalkozás növekedésének és fenntarthatóságának elsődleges forrása. A nonprofit szervezetek nem a profitszerzés célját szolgálják, hanem értékteremtő tevékenységükkel kezelik a társadalmi kihívásokat és az egyensúlyhiányokat. Ez biztosítja számukra a lehetőséget arra, hogy vállalati, állami és magánadományozóktól finanszírozást, illetve önkéntes támogatást kaphassanak tevékenységük fenntartásához. A szociális vállalkozás

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[1] Katz, Robert  
–Page, Anthony  
(2010): The role of  
social enterprise.  
*Vermont Law Review*,  
35., Pp. 59–103.

[2] Hansmann, Henry  
(1980): The Role of  
Nonprofit Enterprise.  
*The Yale Law Journal*,  
89., (5.), Pp. 835–901.  
Stable URL: [https://  
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ble/796089](https://www.jstor.org/stable/796089)

[3] Ghatak, Maitreesh  
(2021): Economic  
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egy olyan üzleti koncepció, amely ötvözi a profitot a közjával, a szociális szolgáltatás-nyújtás fenntartható modelljeként. Történelmi és empirikus bizonyítékok, valamint a magyarországi civil szervezetek képviselőinek nem reprezentatív, félig strukturált interjúi révén a jelen kutatás hozzájárul a szervezet fogalomismeretéhez és az átmenet lehetőségéhez. Az eredmények azt mutatják, hogy ennek az egyensúlyi eltolódásnak az akadálya az az érték, amelyet a civil szervezetek képviselnek a piacgazdaság kudarcával szemben.

**Kulcsszavak:** Fenntartható fejlődés, társadalmi vállalkozás, átmenet, hibridizáció, nonprofit.

## Introduction

That the social sector has a recognition for creating value in society is not in question. According to Katz and Page (2010) [1], they serve as apt instruments for privately led efforts to improve society. They intervene in such areas as education, health care, media, arts, and culture, these are areas which according to Hansmann (1980) [2] present particular pressing and complex problems to public policy. They mitigate the social deficiencies of the market economy which may be effective in the production of consumer goods and services, but they are inherently limited as a mechanism for addressing a wide range of social needs (Siegel and Yancey 1992). The market economy under-produce certain urgent public or collective goods, such as a clean environment, and the perpetuation of gross inequalities in resource distribution among people and across regions [1]. They may also be responsible for environmental degradation when we consider the effluents that a paper mill dumps into a river that affect those downstream. Where the externalities generated by a firm's activities do not affect its financial bottom line, the firm may be less motivated to consider these externalities. Ghatak (2021) [3] also submits that governments do not always pursue the public good, being susceptible to failings such as corruption and poor service quality, while self-regulating markets do not always fulfill the utilitarian objective of the greatest good for the most significant number, as the 2008 financial crisis clearly demonstrated, and as the climate crisis continues to demonstrate. The perception of Western societies and the international institution of the social sector is an indispensable component of a healthy functioning modern democracy. This suffice for the funding of the NGOs by agents and institutions in the public

and market economy to gain results in situations of complex problems that public policies do not immediately address or for the cooperations it can support its social responsibility outlook. An example of this would be the European Union and intending member states to help the countries accelerate progress in areas where they were socially and politically lacking in the run-up to their bid to join the European Union. (Guess and Abrams 2005). Hansmann (1980) [2], bemoans the minimal attention paid to the social sector in the existing literature of law and economics back then when compared to the attention given to players in the market economy, government, and for-profit enterprises, as accounting for the lack of understanding that characterizes policy-making concerns for non-profit. There is however a relative growth in literature covering nonprofits, but how improved is policymaking concerning nonprofits? The prevailing minimal efforts to understand the role of nonprofits which impacts its cooperation law in many states or countries (Ibid). This validates Ghatak (2021) [3] submission that the existence of nonprofits calls into question the neat division of economic activity between the two spheres of the market and the government. Instead, it suggests that there is a grey zone, with actors who are not operating purely either in (a) a profit-driven private sector that produces private goods efficiently or (b) a public sector that corrects market failures, they provide public goods and carries out redistribution to serve equity objectives. In this era of sustainability thinking, is the social sector given as much attention to become more sustainable considering its value-creating role in society? Economic efficiency is one of the pillars of sustainable development, as shown in figure 1 below. Are industry players in the social sector thinking about more sustainable ways to achieve economic efficiency? Is social enterprise an option for the third tier to become economically efficient, for doing what they do best, or is the old status quo sufficient? Bäger, Paiman and Odorige (2016) [4], proposed back-casting: *a system of planning in which a successful outcome is imagined in the future, by asking the question: "What do we need to do today to reach that successful outcome?"* It usually begins with the end goal in mind, a move backward from the vision to the present, and finally a step-by-step move toward the vision.

[2] Hansmann, Henry (1980): The Role of Nonprofit Enterprise. *The Yale Law Journal*, 89., (5.), Pp. 835–901. Stable URL: <https://www.jstor.org/stable/796089>

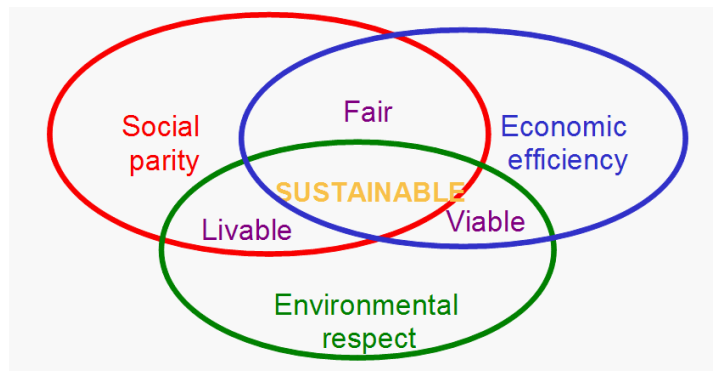
[3] Ghatak, Maitreesh (2021): Economic Theories of the Social Sector: From Nonprofits to Social Enterprise. *LSE Public Policy Review*. 1., (3.), p. 2. DOI: <http://doi.org/10.31389/lseppr.16>

[4] Bäger, Gustav–Paiman Ahmed–Odorige, Catherine (2016): Sustainable Development: Theoretical and Practical Background. *Actual Problems of International Relations*. Release 129. УДК

[4] Báger, Gustav–Paiman Ahmed–Odorige, Catherine (2016): Sustainable Development: Theoretical and Practical Background. *Actual Problems of International Relations*. Release 129. УДК

[5] Reinfandt, Christopher (2020): Approaches from literary studies and their implications. In: Dobson, M.–Ziemann, B. (Eds): Reading Primary Sources: The Interpretation of Texts from Nineteenth and Twentieth Century History (2nd ed.). Routledge. <https://doi.org/10.1017/9781009000000>

figure 1. Diagram of Sustainable Development.



Source: [4]

## Methodology

This research uses both primary and secondary sources. The primary sources are from interviews done with 6 local NGOs operating in Hungary. The interviews are carried out on the hypothetical premise that social interventions of NGOs with many years of existence with an enviable historical background of the sector in Hungary, should easily move in the direction of social enterprise, using the back-casting analogy. Hence the interview to ascertain the sector's readiness to move to some for-profit agenda by way of sustaining its activities of service provision, even if not on a large scale but relatively average. Though operating much earlier, as of 1932, Hungary had over 14,000 registered voluntary organizations, comprising 3 million members of the total population of 8.6 million. (Siegel and Yancey 1992). This qualifies the region for other more innovative aspects of social service provision. The secondary sources from publications, books, journals, and news articles are instrumental to understanding the historical framework of the turns that have taken place in the social sectors and social enterprise. Going by Reinfandt's (2020) [5] postulation that theories are conceptualized as springing from the renegotiation of objectivity characteristic of modern-day research. This is relevant owing to the operationalizations of social enterprise over time and in other climes, the variations that have taken place as lessons for understanding the development in the Hungarian environment. Organizations covered in this interview have been in operation in Hungary for some as

long as close to 30 years and others as young as thirteen years. The resilience of these organizations is best envisioned from the definition of an entrepreneur given in the 19<sup>th</sup> century by Jean Baptiste Say as descriptive of a person who *shifts resources out of an area of lower to an area of higher productivity and greater yield*. Drucker (1985) [6] points out that Say's definition does not indicate who this entrepreneur is; this denies the market economic innovators the exclusive right to the title of entrepreneur. What started for these organizations as a desire to undertake the stimulation of progress through a search for new and better ways of doing things has earned them positions as societally recognized partners creating value for the greater good of all.

## A Compressed History of the Social Sector in Hungary

The present legal framework of civil society organizations in Hungary dates back to the days prior to the collapse of communism in 1989. It was established by legislation in 1987 (Török 2005) [7]. But has undergone several modifications via legislation since then. Some of these modifications are effected in the 2011 Act, which gave clarity on the forms civil society organizations can take, which are civil companionship (civil társaság), association (egyesület) or foundation (alapítvány). The difference between them, concerns for instance the aim of the activities conducted by the civil society organisations. Foundations should be for some public benefit purpose whereas associations may be started for the benefit of the members only. [8] This does not however mean their activities subsequently should be restricted only to their members, they can and do give support to others outside of their membership confines. Following political concerns about foreign interference in the internal politics of Hungary the 2017 Act on NGOs was approved by the parliament. Many doubt the need and purpose behind this Act since there were already existing provisions in the law 2011 Act, (Act CLXXV. of 2011, GD 350/2011). Under the auditing and accountancy rules, the annual simplified double-entry accounts and public utility reports, contain information on the source of funding, the amount and use of such support. [8, 9]

[6] Drucker, Peter (1985): *Innovation and Entrepreneurship*. New York: Harper and Row Publisher.

[7] Török, Marianna (2005): Gaining Trust is a Must: Hungarian NGOs and Private Giving. In: Koncz, Katalin E. (Ed.): *NGO Sustainability in Central Europe. Helping Civil Society Survive*. Budapest: OSI Local Government Initiative. Pp. 173–194.

[8] Szalai, Julia–Svensson, Sara (2017): Contested forms of solidarity: an overview of civil society organizations in Hungary and their impact on policy and the social economy. Working paper series. *SOLIDUS. Solidarity in European Societies: Empowerment Social Justice and Citizenship*.

[9] Mink, Júlia–Majtényi, Balázs (2017): *Standing and operational space of non-governmental organizations (NGOs) in contributing to respecting and promoting fundamental rights in EU Member States*. FRA European Union Agency for Fundamental Rights.

[8] Szalai, Julia–Svensson, Sara (2017): Contested forms of solidarity: an overview of civil society organizations in Hungary and their impact on policy and the social economy. Working paper series. *SOLIDUS*. Solidarity in European Societies: Empowerment Social Justice and Citizenship.

[10] Gerencsér, Balázs (2020): *A Short History of Hungarian Civil Society*. <https://revizoronline.com/en/article/8403/an-interview-with-balazs-gerencser-the-head-of-the-nio-non-profit-information-and-training-center-foundation>

The 1989 Act on Rights of Association of the socialist regime exercised denial on individual and collective rights of association which prevented the establishment of collective association but this did not deter citizens from spontaneously organizing informal units. Who were in large part instrumental to counter or succor the deficiencies of the prevailing shortage economy that were the everyday reality in the socialist regime. [8] Some of the interventions of these organized informal groups came in the form of:

1. Parents uniting to renovate schools attended by their children which has been chronically underfunded by the regime.
2. Relatives of hospitalized patients organized themselves to improve the conditions in run-down and impoverished hospital wards by organizing cooking and delivering meals, and providing medicines that were inaccessible through the underfinanced system of formal distribution.
3. Local cultural centers came alive due to informally organized support through financing and voluntary work of engaged residents.
4. Finally, informal cooperation and voluntary work assisted the functioning of local agricultural cooperatives or smaller firms.

All of these took place under tight central control in their formal functioning. It is important to note that besides the contribution in material terms, a huge capacity building began developing in extensive civil participation and self-organization, which contributed to the spreading of formerly practically non-existent knowledge and skills. These participations brought about experiences where people learned the rules of fair and just cooperation, the basics of democratic decision-making, and also the fundamentals of economic management in order to effectively and rationally support the fulfillment of certain collective goals. (Ibid).

Today civil society organizations are privy to 1% tax of individual payers, the origin of this dates back to the reluctance of the state to return the church property to the Vatican, after the collapse of the regime. So an agreement was reached to give 1% tax to the church, which was previously an exclusive right of the public artistic institutions. This has however been extended to all registered and operating civil society organizations. [10] According to Gerencsér who is the head of Nonprofit Information Training center it is a positive development that civil society can access this fund because it primarily draws attention to the civil society whose role in the society act as a check against totalitarianism and prevents governments from becoming extreme and dictatorial. Highlighting the contributions of NGOs, including

religious charities, Hrast, Somogyi and Teller (2009) aver that they play a very substantial role in for example the provision of homeless services. In 2005 they operated 48 percent of night and temporary shelters, 65 percent of rehabilitation homes, and 69 percent of day services (State Audit Office, 2006). Local governments often prefer to contract out homeless services to NGOs, which have more experience in dealing with marginalized groups and may be a cheaper option (Hrast Somogyi and Teller 2009) Majority of these initiatives and innovations are achieved under difficult circumstances.

## Social Sector, Social Entrepreneur, and Social Enterprise

Social sector players go by many delineations, such as nonprofit organizations, Nongovernmental organizations, civil society organizations, voluntary organizations, community-based organizations, and charitable organizations there are distinguishing differences in the practice of the various player, nevertheless, similar characteristics categorize them in the social sector realm. These characteristics are humanitarian or cooperative rather than commercial. With objectives that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development in developing countries. [11] The World Bank also points to NGOs as characterized by six major attributes: they are voluntary, nonprofit, service and development-oriented, autonomous, have a high degree of motivation and commitment and have some formal registration. Social entrepreneurship has several interpretations for different people which according to Dees (2001) [12] can be a little confusing. Some understand it as a not-for-profit organization starting a for-profit or earned-income venture. For others, it means a person who starts a not-for-profit organization and for others, it is the integration of social responsibility into their operations. The failings of social sector institutions, the government's inability to respond to the deep divide and social inequalities of society, and the market economy's profiteering nature that has ecological implications for society are the justification for the entrepreneurial approaches to social problems. Where the entrepreneur is at the core, a person who combines a social mission with an image of a business-like discipline, innovation, and determination. [12] The need for grounding entrepreneurs because

[11] The World Bank (2004): Making Services Work for Poor People. In: *World Development Report*. Washington DC.: The World Bank and Oxford University Press.

[12] Dees, Greg (1998): *The meaning of Social Entrepreneurship*. Available at: [http://www.caseatduke.org/documents/dees\\_sedef.pdf](http://www.caseatduke.org/documents/dees_sedef.pdf)

[13] Martin, Roger –Osberg, Sally (2007): Social Entrepreneurship: The Case for Definition. *Stanford Social Innovation Review*, 5., (2.), Pp. 29–39. <https://doi.org/10.48558/TSAV-FG11>



[1] Katz, Robert–Page, Anthony (2010): The Role of social enterprise. *Vermont Law Review*, 35., Pp. 59–103.

[6] Drucker, Peter (1985): *Innovation and Entrepreneurship*. New York: Harper and Row Publisher.

13 Martin, Roger–Osberg, Sally (2007): Social Entrepreneurship: The Case for Definition. *Stanford Social Innovation Review*, 5., (2.), Pp. 29–39. <https://doi.org/10.48558/TSAV-FG11>

[14] Friedman, M. (1970): The social responsibility of business is to increase its profits. *The New York Times Magazine*. 1970 September 13. Available at: <http://www.colorado.edu/studentgroups/libertarians/issues/friedman-soc-resp-business.html>

of the many misinterpretations of who can be thus categorized is of concern to scholars. [6, 13] Characteristics are therefore the solution to definition-al ambiguity. They are attracted to a suboptimal equilibrium embedded in the advantage of providing a new solution, service, or process. Willing to be inconvenienced where others see convenience inspiration, creativity, direct action, courage, and fortitude. These characteristics are fundamental to the process of innovation. Entrepreneurs and social entrepreneurs are strongly motivated by the opportunity they identify, pursuing that vision relentlessly, and deriving considerable psychic rewards from the process of realizing their ideas. From the foregoing, they define social entrepreneurship as having the following three components: (1) identifying a stable but inherently unjust equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity that lacks the financial means or political clout to achieve any transformative benefit on its own; (2) identifying an opportunity in this unjust equilibrium, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state's hegemony; and (3) forging a new, stable equilibrium that releases trapped potential or alleviates the suffering of the targeted group, and through imitation and the creation of a stable ecosystem around the new equilibrium ensuring a better future for the targeted group and even society at large. [13] The social entrepreneur has a higher propensity to venture into social enterprise, defined as an organization or venture that achieves its primary social or environmental mission using business methods. The methodology for achieving this is typically by operating a revenue-generating business, therefore a social enterprise may be organized as either a nonprofit or for-profit entity, with the mission to address challenges to a sustainable planet by mitigating the social imbalances brought about by the activities of governments and the market economy. [1] The challenge with a social enterprise-driven venture rest in a dilemma of choices between a pro-social action and a commercial action. The maximization of profit is the primary mission of a for-profit organization. This dictates that in the face of the worthiest of social goals choosing the more commercial action becomes inevitable as it aligns with its mission statement, which is to watch over shareholders' investments. [14] While the primary mission of the social sector is to mitigate the shortcomings of the market economy under-provision of certain urgent public or



collective goods. Reiser (2010) [15] describes the pursuit of social charitable objectives blending the goals of profit as “blended enterprise”. She defines it as an entity that intends to pursue profit and social good in tandem, and by making considerable choices to pursue one over the other.

## Obstacles to NGOs Equilibrium shift to Social Enterprise

The very reason for the creation of the social sector, which is the mitigation of social imbalances where they play an essential role in filling up the vacuum created by twin problems of the government and market failure [16] stands as the major obstacle to NGO transition to social enterprise. This much is evident across all the NGOs engaged in the interview for this research. World bank (2004) [11] with regard to developing countries cites corruption and high administrative cost as justifying the need for many governments to move away from direct provision of public service to such organizational alternatives as a public-private partnership, contracting out outsourcing, and the likes in engaging the services of the NGOs. The World Bank 1995 definition of NGOs as private organizations driven by humanitarian or cooperative rather than commercial objectives that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development in developing countries. Pointing out six major characteristics, as voluntary, non-profit, service and development-oriented, autonomous, high degree of motivation and commitment. Owing to the above donors and partners trust NGOs to bring value to resources committed to causes. Of the NGOs interviewed 70% say that social enterprise has come up in strategic management discussions at the organizational level. They are however constrained to launching into the sector because they are almost always overburdened, with a lack of extra manpower from within the organizations to drive such initiatives. Partners and donors to NGOs’ budgets, pay for services in the project outline, leaving no room for additional hire. The non-distribution constraint principle which makes nonprofit a desirable institution [17], prevents the distribution of profits or extra funds among management as bonuses is key to checking the

[11] The World Bank (2004): Making Services Work for Poor People. In: *World Development Report*. Washington DC.: The World Bank and Oxford University Press.

[15] Reiser, Dana Brakman (2010): Blended enterprise and the dual mission dilemma. *Vermont Law Review*. 35., Pp. 105–116.

[16] Besley, Timothy–Ghatak, Maitreesh (2017b.): Profit with purpose? A theory of social enterprise. *American Economic Journal – Economic Policy*. 9., (3.), Pp. 19–58. DOI: <https://doi.org/10.1257/pol.20150495>

[17] Malani, Anup–Posner, A. Eric. (2006): *The case for For-Profit Charities*. Chicago: The Law School of University of Chicago.

[6] Drucker, Peter (1985): *Innovation and Entrepreneurship*. New York: Harper and Row Publisher.

[18] Besley, Timothy–Ghatak, Maitreesh (2017a): *Public-Private Partnership for the provision of Public goods: Theory and Application to NGOs*. London: Elsevier Ltd.

[19] Willets, P. (2015): *The Growth in the Number of NGOs in Consultative Status with the Economic and Social Council of the United Nations*. <http://www.staff.city.ac.uk/p.willetts/NGOS/NGO-GRPH.HTM>

20 Werker, Eric –Faizal, Ahmed (2008): What do nongovernmental organizations do? *J. Econ. Perspect.* 22., (2.), Pp. 73–92.

compromise of the system. The cost-effectiveness for the partners in dealing with the NGOs, means many have existing long-term partnerships with donors and as such, they are stranded in this relationship with the partners. The word stranded here has a positive connotation in that NGO service delivery is, without doubt, commendable and is the reason for the enduring partnership. Besley and Ghatak (2017) [18] capture this accurately in their discourse on the growing influence of civil society in the policy domain. Cited the research by [19] shows the accelerated growth of NGOs in consultative status with the United Nations Social Council which rose to 4000 between 1945 and 2014. and the civil society involvement in world bank projects also referred to as implementing partners increased from 6% to 70% between 1980 and 2006. [20] Drucker (1985) [6] emphasizes the too-important place of public service institutions, governmental and non-governmental in developed countries and how their services have grown too big. Growing three to five times faster than the private sector since the second world war. He, therefore, advocates that public service activities should be converted to profit-making enterprises wherever they can because he foresees in the coming years a challenge of capital formation in developed societies. Because service provision by these organizations as non-profits are activities that devour capital rather than forms it. The challenge with this perspective as a reason for moving toward profit-making is that it does not take into cognizance the impact of the service of the sector on the economy. Where for example support for vocational training to beneficiaries of these organizations brings about empowerment that changes their status from societal liabilities to economic contributors.

### *Issues of Sectorial Inherent Force as a Challenge for Transition*

The need to move in the direction of social enterprise is justified, based on the need for capital formation Drucker (1985) [6] as a more sustainable way of service provision. This move needs to come from an individual or organizational persuasion for its actualization. If the case citation by Drucker about entrepreneurial and innovative people's move to public service as turning them into worse-serving bureaucrats or power-hungry politicians is anything to go by. He cites forces inherent, integral, and inseparable from the public

sector as responsible for this decline of the entrepreneur-innovator turned public servant. An empirical case of hybridization of social activism is Martin and Osberg (2007) [13] reference to Nobel Peace prize Laureate, Mohammed Yunus who sits at the top of Grameen Bank in India. They argued that Yunus turned microcredit into a global force for change, uplifting beggars to small entrepreneurs through his micro-credit loan scheme that target women. A few years down the line this is what Yunus had to say.

*“In the 1970s, when I began working here on what would eventually be called “microcredit,” one of my goals was to eliminate the presence of loan sharks who grow rich by preying on the poor. In 1983, I founded Grameen Bank to provide small loans that people, especially poor women, could use to bring themselves out of poverty. At that time, I never imagined that one day microcredit would give rise to its own breed of loan sharks”.*

The above points out the challenges of inherent sectorial forces, there is one in every sector. In the case of microfinance turned commercial bank the line between social mission and commercial objectives, issues of flexibility, and mission integrity problems. For small loans to be profitable to the shareholders' interest rates needs to be raised and some aggressive marketing and loan collection. These run contrary to the empathy that once was the relationship with borrowers. The challenge with social enterprise is that it has two objectives that stand apart from each other. A social objective and a profit objective. [13] The key issue is what should take priority and when they should take priority. In for-profit firms, the demands of the market mean that they must prioritize profit maximization while respecting certain social objectives, which are often externally imposed, like environmental standards. Nonprofits, equally, must still seek to break even while keeping their eyes on key performance indicators and prioritizing social ambitions. Social enterprises are more flexible, at times maximizing the social objective, albeit subject to the break-even requirements, while at other times prioritizing a financial objective, while still ensuring they do not fall below certain standards in delivering their social objective. [3] Social enterprises pursue profit and social good in tandem, shifting their focus depending on the circumstance. [15] For these social entrepreneurs, this mission is “explicit and central. This obviously affects how social entrepreneurs perceive and assess opportunities. Mission-related impact becomes the central criterion, not wealth creation.” [12]

[3] Ghatak, Maitreesh (2021): Economic Theories of the Social Sector: From Nonprofits to Social Enterprise. *LSE Public Policy Review*. 1., (3.), p. 2. DOI: <http://doi.org/10.31389/lseppr.16>

[12] Dees, Greg (1998): *The meaning of Social Entrepreneurship*. Available at: [http://www.caseatduke.org/documents/dees\\_sedef.pdf](http://www.caseatduke.org/documents/dees_sedef.pdf)

[13] Martin, Roger –Osberg, Sally (2007): Social Entrepreneurship: The Case for Definition. *Stanford Social Innovation Review*, 5., (2.), Pp. 29–39. <https://doi.org/10.48558/TSAV-FG11>

[15] Reiser, Dana Brakman (2010): Blended enterprise and the dual mission dilemma. *Vermont Law Review*. 35., Pp. 105–116.

## Summary

This study is primarily a search for sustainable ways for the third sector to achieve economic efficiency by asking the question of whether social enterprise may be a way out. The activities of NGOs are here classified as entrepreneurial due to the creative, innovational interventions their activities have brought to making a difference in hitherto marginalized situations. Through a Back-casting lens, questions are posed that help the interviewed organization envision what they want for the future and take a step backward at the present. The present realities show a heavy dependence on NGOs to breach the gaps and mop up the challenges of complex problems in public policy promoting social imbalance and the underprovision of social goods by the market economy. The partnership between the sector and donors which cuts across stakeholders use strict budgetary implementation strategies and the non-distributive principle an attribute of the social sector to check resource compromise; this makes for a sustainable relationship. This has become the sustainability base of the social sector. This enduring relationship prevents many of the NGOs from moving to the final step which is working towards the vision. This, therefore, supports the conclusion that only a small minority will be able to make it in the direction of achieving social enterprise in the future.

