

The Capacity of NGOs to Become Sustainable by Creating Social Enterprises

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Abstract

“Neither the state nor the market alone could catalyse the necessary innovations and reforms of society, but rather that the source would be a ‘third alternative’, that could combine the efficiency of the entrepreneurial market place with the welfare orientation of the state”. Etzimi (1973) The increasing number of Non-Governmental Organisations (NGOs) that have been developed over the years as well as worsening economic conditions globally, have contributed to the reduction in the amount of funding available for NGOs to serve their communities, execute projects and remain sustainable. NGOs play a significant role in society, as they fill a need that cannot be adequately filled by the government or the private sector. This is acknowledged by society and the government (UK) has encouraged NGOs to engage in enterprising activities to generate own revenue. While many NGOs improve their fundraising efforts to attract additional philanthropic donations, many are still not engaged in any form of enterprising activities and lack innovative and business skills that are required to be a sustainable enterprise. The research examines the organisational structures and human resource capacity of NGOs by comparative analysis against that of Social Enterprises. It then applies the theory of change framework to determine if NGOs have the capacity to develop Social Enterprises in order to generate their own revenues and profits to become sustainable. The research reveals the differences between the organisational structures and funding models of NGOs and Social Enterprises and contributes to the developing field of social entrepreneurship by bridging the gap between both concepts through process innovation. The research concludes with a discussion of the implications of the research findings and recommendations are proposed to non-profit and social entrepreneurship scholars.

Keywords: Social enterprise, Non-Governmental Organisations (NGOs), Social Entrepreneurship, Sustainable, Funding

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1. Introduction

The increasing number of Non-Governmental Organisations (NGOs) that have been developed over the years as well as worsening economic conditions globally, have contributed to the reduction in the amount of funding available for NGOs to serve their communities, execute projects and remain sustainable. The increasing numbers of charities in the UK, along with a rise in the number of organisations, such as schools and hospitals appealing to the public for support, has intensified the competition for attention (Beckley et al., 1996; Burt and Taylor, 2003; Goatman and Lewis, 2003). This has subsequently impacted and increased the challenges faced by charities as to how best to attract and sustain support, whilst maintaining focus on their social mission and objectives (Gomes and Knowles, 2001; Hart, 2002; Goatman and Lewis, 2003).

Charities operating in the UK are categorically placed within the Third Sector and receive a large portion of their funding through the central and local government public funds. The deep economic recession of 2008/9 and the second technical recession in 2011/12 (NCVO, May 2013), has negatively affected funding to voluntary organisations. The Guardian (2 August, 2011) reported that “More than 2,000 charities are being forced to close services and sack staff as local authorities slash their funding or in some cases completely withdraw it”. New analysis from the National Council for Voluntary Organisations (NCVO) shows that public funding for charities could be reduced by 12% by 2017/18 (NCVO, May 2013), and it is therefore not surprising that the BBC (2, August 2011) reported that the government would be offering charities help to move away from state funding.

On the other hand, charities in developing countries such as Jamaica are not privy to receive such public funding from the state. Efforts have, however, been made by the Jamaican government to harmonise the treatment of charitable organisations for the purpose of taxation and related matters, through the passing of a new Tax Bill (The Gleaner, May 2013). While it may be argued that this Bill was influenced by the International Monetary Fund (IMF) and other multilateral agencies’ quest for Jamaica to amass increased revenues from taxes, the passing of the Bill has positive implications on charitable organisations in Jamaica, as previous tax waivers were granted based on Ministerial power and discretion to entities ‘considered’ to be dedicated to charitable purposes (JIS, May 2013).

To try to increase and attract additional funding, many NGOs have tried to improve their fundraising strategies by becoming more aggressive in their efforts. This includes engaging in more visible fundraising campaigns and events and even increasing their online presence, through website development. While these methods may attract the attention of donors and generate donations, they usually span over the short term. Furthermore, funding is required for an NGO to be successful online due to the high costs of developing and maintaining a good website (Goatman and Lewis, 2006). The growing phenomenon of social entrepreneurship is arguably a possible option that may be considered by NGOs for varying reasons.

Social entrepreneurship can help non-profit organisations operate in an innovative way, (Hao Jiao, 2011). Reis and Clohesy (1999) believe that when traditional resources are continually reduced and competition for these common resources becomes severely scarce, it is necessary for non-profit organisations to employ business professional operations and marketing techniques to improve efficiency in products and services so as to serve the community better. Grenier (2009), argued that in order to achieve this, there is need for a change in attitude, approach, behaviour and ultimately culture in the non-profit sector, as only the fittest (enterprising non-profits) will survive the increased competition over scarce public and private money (Dey, 2011), based on resource scarcity and resource mobilization theories (Arthur et al., 2009). International Non-Governmental Organisations (INGOs) have recognised this need for change and some have changed their roles dramatically, becoming more influential and entrepreneurial in their operations (Eg. Amnesty International, Greenpeace and Oxfam). This increasing dynamic combination of advocacy and operations demonstrated by these forward-thinking INGOs echoes the approach of many social entrepreneurs (Nicholls, 2006). According to Salaman, (2003), the not-for-profit sector generated US\$1.3trillion (£754billion) of aggregate expenditures in 1999, accounting for 5.1 percent of the combined GDPs of the countries in which they operated, allowing the sector to be the seventh largest global 'economy' with approximately 40million full-time employees and 200million volunteers (Nicholls, 2006). It should be noted, however, that a large number of not-for-profit organisations are not engaged in socially entrepreneurial activities, nonetheless, the data still underpins that social entrepreneurship has become a powerful global phenomenon (Drayton, 2002; Harding, 2004; Nicholls, 2006).

Social entrepreneurship may be viewed as a remedy for the welfare state's lack of financial resources and poor performance (Dey, 2011). However, traditional NGOs are generally less innovative and less responsive to their customers. To become sustainable, many NGOs need new skills to deliver their vision and many of those skills are the same skills needed in business (Nicholls, 2006). According to Lounsbury & Strang (2009), NGOs are obliged to employ the tools and tropes of business to fashion novel approaches to social change.

Through social entrepreneurship, NGOs may become sustainable once they are willing to employ state-of-the-art management practices, such as: competitive strategy, broader missions, human resource management, investor relations and customer relationship management (Dees, Emerson & Economy, 2002). Social enterprises are likely to have a comparative advantage and are able to create more social and economic value over both private and public enterprises because of their ability to mobilise more inputs through voluntary labour and the willingness of employees to work for less than a for-profit company; the ability to design and run more effective processes, evident in their ways of working, ability to motivate teams, their distinct methods or business models (Eg. The Big Issue) which are not transferrable to for-profit or government organisations; and finally, their outputs contain an added value embedded in the product or service itself either through the ethos of the organisation or through the ways in which the service is shaped (Nicholls, 2006)

The increase in the external environmental challenges faced by NGOs over the past decades, has attracted the attention of researchers (Weerawardena, McDonald et al., 2010). While researchers have argued that NGOs should adopt entrepreneurial attitudes in their operations, (Weerawardena & Sullivan Mort, 2001; Sharir & Lerner, 2006; Weerawardena, McDonald et al., 2010) or even adopt business models, which may conflict with the social mission of the NGO (Eikenberry & Klumer, 2004), there is limited research as to the process that NGOs should follow to adopt these changes. No research has been identified that focuses on how NGOs may become sustainable using the theory of change as a change management approach to create new business models that will allow them to engage in entrepreneurial activities while maintaining their social mission.

1.1 Purpose of Study

The purpose of this research, therefore, is to investigate the current capacities of NGOs in developing countries, to see if they may become sustainable by using the theory of change approach to adopt the social enterprise business model. The study will be conducted using a comparative analysis of the structures of NGOs within the developing country of Jamaica versus the structures of NGOs that are now operating as Social Enterprises in the UK. While the study will make reference to several organisations, focus will be placed on the case studies of Young Women/Men of Purpose (YWOP/YMOP), an NGO operating in Jamaica and the HCT Group, a charity turned Social Enterprise operating in the UK.

“Social entrepreneurship is no longer a marginal activity pigeon-holed under the headings of ‘not-for-profit’ or ‘charity governance’, but rather a driver of significant social change that is developing rapidly into an autonomous field of research and practice” (Nicholls, 2006 p. 99). Hence, this research seeks to contribute to building this field by adding to the current debates as to whether or not NGOs should remain in the traditional non-profit model and focus solely on their social mission, or engage in entrepreneurial activities to ensure their sustainability. Research will contribute to the growing literature about Social Enterprises and how NGOs may through the theory of change, undergo organisational restructuring to adopt this new business model and become sustainable.

2 . Literature Review

2.1 Non- Governmental Organisations (NGOs)

Non-Governmental Organisations (NGOs) have existed in various forms for many centuries, but the term ‘NGO’ was initially coined by the United Nations (UN) in 1945 for use in its charter to differentiate between participation rights for intergovernmental specialized agencies and those for international private organisations. The term ‘NGO’, has become more popular and widespread, however, the composition and nature of organisations that are now identified as NGOs have undergone much change and resulted in inconsistencies with the use of the term as it carries different connotations in different contexts (Raju, 2009).

Willetts, (2002), in his article on '*What is a Non- Governmental Organisation?*' described an NGO as '*An independent voluntary association of people acting together on a continuous basis, for some common purpose, other than achieving government office, making money, or illegal activities.*' The large number and varying contexts in which NGOs are defined, forces one to understand the different types of structure of NGOs. The classis model typically represents a membership organisation that is co-ordinated in a geographically defined hierarchy. Individuals work in local groups that are coordinated in regions, with the headquarters in the capital city for the country as a whole. These country-wide organisations are called National NGOs and are frequently combined in an International NGO (INGO). If a country is too small for regional structures, smaller specialist NGOs may simply enrol individual members at the national level, without having any local branches (Willetts, 2002).

Today, the term NGO serves as an umbrella and includes many organisations ranging from transnational federations, such as Red Cross, to grass-roots or community based organisations (CBOs) that have become active at the local, national or even global levels. According to Willetts, (2002), there is no generally accepted definition for NGO, however there are several criteria according to UN agency that NGOs should follow: it must be independent from the control of government, it should not be constituted as a political party, it should be non-profit-making and it should not be a criminal group or engaged in violent activities. For the purposes of this research the following definition for an NGO was developed: "*An NGO, also referred to as a traditional non-profit or charity, is an organisation that exists for charitable purposes to assist with social and community development, providing services free of charge to beneficiaries and gains capital through donations and grants.*" The term NGO is used interchangeably throughout the study with the terms 'charity' and 'non-profit organisations', unless otherwise stipulated.

In order to get a clearer understanding of how NGOs operate it is important to understand how they are structured and the connotation of the term sustainability as it relates to NGOs. The following section seeks to define the term 'sustainability' in the context of an NGO and provides further insight as to the general structures and funding practices of NGOs.

2.1.1 Sustainability

According to Toman, (nd), “Sustainability” has become a new watchword by which individuals, organisations and nations assess human impacts on the natural environment and the resource base. He further stated that there is a growing concern that economic development, exploitation of natural resources and the infringement on environmental resources are not sustainable and has become a central theme in international deliberations. To achieve sustainability it is of utmost importance that there is a clear understanding of the meaning of the term sustainability. Sustainability may be divided into three main areas: financial, environmental and social. In the context of an NGO, sustainability primarily means being able to survive so that the organisation can continue to serve its constituency and fulfil its commitments to its clients, patrons and the community in which it operates (Weerawardena, McDonald et al., 2010). In order to sustain itself, an NGO must ensure a flow of resources (Bryson et al., 2001; Valentinov, 2008).

While a substantial number of researchers in the non-profit sector (eg. Chetkovich, 2003 and McDonald, 2007) have focused on ‘balancing money and mission’ as a primary issue in managing NGOs, Weerawardena, McDonald et al., (2010) argued that the strategic management literature over the last few decades have primarily focused on the sustainability of for-profit businesses. Furthermore, non-profit literature does not reflect a similar emphasis despite increased vulnerability and threats to organisational continuance (Mort and Weerawardena, 2008; Weerawardena, McDonald et al., 2010). They continued to state that current literature lacks a broad perspective of strategic directions that NGOs undertake in their quest to remain financially viable to effectively deliver their services to satisfy the growing social needs, (Weerawardena, McDonald et al., 2010).

2.1.2 The Financial Structures/Funding Practices of NGOs

According to the Urban Institute’s National Centre for Charitable Statistics reports, there were 1,478,194 NGOs in the United States in 2006 with annual revenues of US\$1.53million. The UK on the other hand had over 169,000 general NGOs, generating a total income of £26billion, as reported by the National Council for Voluntary Organisations 2006, (Hyndman and McDonnell, 2009).

Despite the growing contributions that NGOs make to global economies, increased competitions from government and for-profit organisations for revenue generating activities and increased competitions among NGOs themselves for grant funding and philanthropic donations pose a major risk to the financial structures of NGOs. Researchers have suggested several strategic actions that can be taken by NGOs to deal with these challenges ranging from adopting entrepreneurial posture (Sharir & Lerner, 2006; Weerawardena, McDonald et al., 2010) to redefining their purpose and mission (Forehand, 2000; McDonald, 2007). According to Durst and Newell (2001), an NGO should redefine its purpose by stating its mission in broader terms, as being too narrow places the organisation at risks of failing the test of economic viability (Weerawardena, McDonald et al., 2010).

Traditional NGOs receive most if not all of their funding from donors, this includes government grants, grants from internal or local agencies, individual or corporate donations. This has contributed to the disconnect between the client of an NGO and their revenue generating activities, unlike for-profit models who understand that enhancing service delivery among clients reflects in increased revenue generation (Weerawardena, McDonald et al., 2010). Researchers argue that it is the donors who assume central focus within the traditional Non-Profit model as they play a critical role in providing the revenue stream that is needed for the NGO to survive.

Research has shown that the internet provides numerous opportunities for NGOs to generate income (Goatman and Lewis, 2006), however, studies conducted about the websites of large charities have found that most are designed for informational purposes and although the majority may have fundraising objectives, this is rarely the main reason for their existences (Sargeant, 2001; Wenham et al., 2003; Goatman and Lewis, 2006). Olsen et al., (2001), argues that this is a result of charity websites not being very user friendly nor compelling visitors to donate online, however charities are more concerned with their online promotion to supporters and conducting mission-related activities (Goatman and Lewis, 2006). Furthermore, funding is required for an NGO to be successful online due to the high costs of developing and maintaining a good website (Goatman and Lewis, 2006).

Charities within the social services in the USA receive annual government grants of US\$2.2million. These grants, however, are in the form of government contracts to serve the needy and charities require well-staffed fundraising offices to apply for, receive and administer these extensive grants and contracts (Andreoni and Payne, 2003).

While large NGOs in developing countries face similar situations with government contracts, the majority of NGOs, especially smaller NGOs which fall in the categories of Community Based Organisations (CBOs), Faith Based Organisations and Grassroot Operations, may not receive any such government grants as their organisations may not have such fundraising capacities and non-contractual grant funding directly from government does not currently exist in Developing Countries like Jamaica. Andreoni and Payne (2003), argues that reduced private funding to charities in the USA is directly affected by the fact that donors use their tax-financed donations as a substitute for their voluntary donations. This situation may be unique to the USA based on their TAX policies but it can be argued that it provides much needed funding for NGOs in the USA, unlike NGOs in developing countries without such policies.

Developing countries have fewer registered NGOs. According to reports made in the Sunday Gleaner, (April 21, 2013), "Information from the Companies Office of Jamaica (COJ) showed that there are 4,064 active NGOs in Jamaica having the form type 'limited by guarantee with share capital' or 'limited by guarantee without share capital', of which approximately 893 (20%) are compliant in filing outstanding documents including annual returns. The researcher argues that the implications of this low level of compliance of NGOs could presumably be the result of insufficient or lack of funds based on limited or no income-generating activities to cover such expense.

While the government in developing countries may not directly provide funding to all NGOs operating within their countries, investments are made to develop and operate 'Social Safety Nets'. According to Haughton, as reported in The Gleaner January, 2013, Social Safety Nets are designed to help the poor escape poverty. A traditional Social Safety Net (in the case of Jamaica) is the Programme of Advancement Through Health and Education (PATHE) which he refers to as 'handouts', provides food, clothing, shelter or cash equivalent to the perceived poor. Social safety nets in developing countries are considered 'Welfare Benefits' in developed countries and cannot sustain themselves in the long run as they are just 'handouts' without any intentions of engaging in enterprising activities to generate income overtime.

This supports Peredo and Dey's (2011) view that public supported welfare networks, government-led social services or the western welfare model are generally known to experience problems as government spending and involvement in social service delivery is declining (Cook, Dodds & Mitchell, 2003; Dey, 2011).

2.1.3 The Organisational Structures of NGOs

It is said that an organisation has a strategy when the leaders and the organisation as a whole commit themselves to a specific vision of how the organisation will operate to create value and sustain itself in the immediate future (Andrew, 1971; Bernard, 1966; Moore, 2000). While the for-profit organisations strategies focus on financial targets and includes business plans to describe how the organisations will compete in various markets (Moore, 2000), NGOs visions are usually described in terms of the mission of the organisation and the activities they will undertake to accomplish the mission, (Bryce, 1992; Bryson, 1995; Moore, 1995; Oster, 1995; Moore, 2000). The strategies of an organisation will therefore directly affect its structures, as it must be able to generate a supply of resources that are adequate to sustain the organisation (Moore, 2000).

NGOs are often headed by trustees and or executive board of directors, who are often responsible for developing and implementing organisations strategies. Because the principal value delivered by NGOs are embedded in the achievement of their social purposes and the satisfaction of donors desires to contribute to the cause of the organisation (Oster, 1995; Moore, 2000), the human resources within NGOs tend to widely include individuals with strong social development backgrounds or with, although to a lesser extent, technical skills that are required by the NGOs over individuals with business skills. This could be the indirect results of the nature of NGOs whose values are not particularly measured by their financial performances (Oster, 1995; Moore, 2000)

Should NGOs decide to broaden their focus to include more revenue generating activities within their operations; the question can then be asked about their operational capacity and whether sufficient know-how and capability exist to achieve desired results (Moore, 2000).

2.2 Defining Social Enterprise

“Driven by a new breed of pragmatic, innovative and visionary social activists and their networks, social entrepreneurship borrows from an eclectic mix of business, charity and social movement models to reconfigure solutions to community problems and deliver sustainable new social value”, (Nicholls, 2006). Social entrepreneurship is a rapidly emerging field that has been attracting attention from many sectors including the media, public officials, academia and several prominent social sector organisations such as Ashoka, Schwab and Skoll foundations, (Martin and Osberg, 2007). Although the concept of social entrepreneurship has been gaining popularity, Dees (1998) states that it means different things to different people, as many associate the term with innovative not-for-profit ventures, social purpose business ventures (such as Grameen Bank), hybrid organisations containing not-for-profit and for-profit elements and even businesses who integrate social responsibility into their operations (Dees, 1998).

Social enterprises refers to businesses whose primary focus are to use the business to solve social or environmental problems. It is important to understand that social enterprises differ from NGOs and traditional non-profits as their earned income is directly tied to their social mission (Wolfgang Grassl, 2011). Social enterprises usually begin as organisational movements that apply market based strategies in order to achieve social change.

Unlike the entrepreneurial value proposition that assumes a market that can pay for the innovation and may even provide substantial upside for investors, the social entrepreneur’s value proposition targets an underserved, neglected or highly disadvantaged population that lack the financial capacity or political clout to achieve the transformative benefit on its own. Ventures created by social entrepreneurs can certainly generate income and they operate as either not-for-profit or for-profit, (Martin and Osberg, 2007).

According to existing literature, the newness of the concept has resulted in no specific definition for the growing phenomenon of social enterprise, as many organisations and scholars have coined definitions to suit their specific needs. Existing definitions include:

'A business that trades in the market with a social purpose and use business tool and techniques to achieve social aims' (SEC)

'A business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or community, rather than being driven by the need to maximise profit for shareholders and owners' (The Cabinet Office. Office of the Third Sector)

'An enterprise whose primary objective is to achieve social impact rather than generate profit for owners and stakeholders. It operates in the market through the production of goods and services in an entrepreneurial and innovative way, and uses surpluses mainly to be reinvested in the business or in the community. It is managed in an accountable and transparent way, in particular by involving workers, customers and stakeholders affected by its business activity' (EU)

"Social enterprises are businesses that trade to tackle social problems, improving communities, people's life chances or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community. When they profit, society profits." Social Enterprise UK, People's Business, 2013

Table 1. Drivers Behind the growth of Social Entrepreneurship

Supply Side	Demand Side
Increase in global per capita wealth/ improved social mobility	Rising crises in environment and health
Extended productive lifetime	Rising economic inequality
Increase in number of democratic governments	Government inefficiencies in public service delivery
Increased power of multinational corporations	Retreat of government on the face of free market ideology
Better educational levels	More developed roles for NGOs
Improved communications	Resource competition

Source: Social Entrepreneurship: New Models of Sustainable Social Change (Nicholls, 2006)

2.2.1 Social Enterprise Structure and Legal Framework

A social enterprise is not defined by its legal status but by its nature: what it does that is social, the basis on which that social mission is embedded in a form of social ownership and governance and the way that it uses the profits it generates through its trading activities (Dees, 1998). Social enterprises exist in various shapes and sizes ranging from very small local community based organisations, to much larger entities employing thousands of people. The organisational forms of Social Enterprises may also vary based on their environment and the country in which it operates. Examples within the UK include: the co-operatives, development trusts or social firms. Although Social Enterprise is a growing phenomenon, there is a wide variety of legal structures under the Companies Acts and Industrial and Provident Society legislation in the UK under which they may be formed (Bates, Wells and Braithwaite, 2003).

The legal structure that is chosen by a Social Enterprise will depend on a number of factors linked to the nature of the social enterprise such as: its social purpose, the people and stakeholders who are involved with it, the scale on which it plans to operate and the way its start-up and working capital needs are to be financed (Dees, 1998). Careful planning must take place before the establishment of a new social enterprise or before making changes to an existing enterprise to ensure that the most appropriate legal structure is chosen. Investing time and resources in selecting the right structure is vital and the decisions taken should be based on long-term considerations for the enterprise. Selecting the wrong structure can have disastrous consequences. These may result from problems with governance, such as the exclusion of key stakeholders, the involvement of too many stakeholders or a governance framework out of tune with stakeholders' interests; limitations on mechanisms for investment, or a failure to protect the social nature of the business. For social enterprises that are emerging from the voluntary sector the question of charitable status will be of particular concern. On the one hand, charitable status offers potential savings in tax and the opportunity to raise additional funds. On the other hand, it places very clear limitations on what the business can lawfully do under charity regulations.

2.3 The Theory of Change

“Theory of change is a dynamic, critical thinking process, it makes the initiative clear and transparent – it underpins strategic planning. It is developed in a participatory way over time, following a logical structure that is rigorous and specific, and that can, meet a quality test by the stakeholder.” Helen Clark, ActKnowledge

Theory of change, according to Weiss (1995), is simply a theory of how and why an initiative works. Building on her work, Connell and Kubisch (1998), defined a theory of change approach to Comprehensive Community Initiative (CCI) evaluation, as the systematic and cumulative study of the links between activities, outcomes and contexts of an initiative. Furthermore, a theory of change is a description of a social change initiative that shows how early changes relate to intermediate changes and then to long-term changes. This forms the basis for strategic planning and may be used as a blueprint for the work ahead and its likely effects or for management and decision making as a project or programme develops and progresses (Ellis, Parkinson and Wadia, 2011).

The term ‘theory of change’ emerged in the early 1990s (Ellis, Parkinson and Wadia, 2011), and is a well-understood evaluation tool that supports sustainable organisational growth and capacity building (Hunter, 2006). Connell and Kubisch (1998), argued however, that a theory of change is an approach to evaluation and not an evaluation method that stands on its own. Consequently, a good theory of change should have indicators that the evaluators can use to evaluate the quality of an initiative.

Meaningful. It accurately describes the organisation in ways that the organisation acknowledges and is designed to create something of value, has social meaning and is recognizable by all interested parties (internal and external).

Plausible. If activities are implemented, will lead to desired outcomes.

Doable. It is realistic. The economic, technical, political, institutional and human resources are available to carry out initiative.

Testable. The theory of change is made real through a series of testable hypothesis.

All elements can be assessed with regard to their implementation and quality, and all outcome objectives are defined using empirically verifiable indicators. (Connell and Kubisch, 1998; Hunter, 2006).

2.3.1 How it Works?

If the desired outcome is for NGOs to create social enterprises so that they can generate at least 75 percent of the revenue needed for them to become sustainable by engaging in income generating activities, then the interim and early outcomes and activities should be drawn from the field of social entrepreneurship. The theory of change therefore, highlights organisational restructuring, to include individuals with strong business acumen, and engaging in revenue generating activities. It may also look at the external factors such as needs of the market and how organisation restructuring activities will influence how the organisation adjusts to supply the needs of the market. Figure 1 below is the theory of change framework that the researcher proposes to be used by small to medium sized NGOs who autonomously control majority of their decision making, who are not currently engaged in income generating activities and have a willingness to be engaged in income generating activities, are prepared to undergo the necessary organisational restructuring and have (or have access to) staff/volunteers who are willing to participate in necessary training and organisational changes to create a social enterprise. To explain how the framework works, the researcher has used the case study of Young Women/Men of Purpose (YWOP/YMOP), an NGO operating in Jamaica.



2.3.2 Case Study 1 - YWOP/YMOP: Traditional NGO operating in Jamaica

Young Women/Men of Purpose (YWOP/YMOP) is a Non-Governmental Organisation that was established in Jamaica in 2009.

The organisation provides career mentorship and guidance to young women and men between the ages of 13 and 25 years, through ongoing fortnightly sessions and executes numerous outreach projects within the local community. The organisation was initially funded by the founder and has since sought sponsorship from corporate companies to fund all subsequent activities. After several attempts to acquire grant funding for specific projects, YWOP/YMOP has just recently received its first grant funding from an international funding agency to execute a 9-months entrepreneurship training project.

The organisation has no current plans as to how the project will be sustained at the end of the current funding period and has no concrete plans as to how it will continue to attract funding for the organisations main objectives (career mentorship), especially with the increasing reluctance of companies to continuously sponsor charities and charitable events due to the worsening economic conditions in Jamaica.

The organisation currently has approximately 25 volunteers, 10 of whom serve on the executive board. The board along with the other volunteers have tried on several occasions to brainstorm one-off activities that might generate revenues to execute specific projects but have never considered an on-going business model to generate revenue to sustain the financial requirements of the organisation. The organisation has expressed its willingness to create a social enterprise, if it would guarantee the financial sustainability of the organisation in order to continue delivering its social mission.

2.3.3 Theory of Change Analysis

Before applying the theory of change the following two general assumptions were made:

Social enterprises are sustainable businesses generating revenue and profits by engaging in trading activities while carrying out a social mission. An NGO is therefore likely to become sustainable if it creates its own social enterprise.

An NGO may require a complete organisational restructuring in order to become sustainable.

It will need to train or recruit staff with strong business acumen, make modifications to the mission and objectives of the organisation and implement trading activities. If these changes are not made within the organisation, it may not be able to create a viable social enterprise that will generate sufficient revenue for it to become sustainable.

2.3.4 Justification and Assumptions

The researcher has made it clear that the initiative can only work if the NGO is willing to engage in income generating activities, through trade, and is willing to restructure its entire organisation, especially in the area of human resources to ensure that staff/volunteers are competent in the required skills needed to operate a successful enterprise. The NGO YWOP/YMOP has understood and agreed with these stipulations.

For long term goal: 'Creation of social enterprise for the NGO's sustainability' the following assumptions must be met for the outcome to be achievable:

Social enterprises are businesses that generate revenue while carrying out a social mission.

Social enterprises are being encouraged globally, consumers are becoming more socially conscious and governments, social investors and other funding agencies are supporting the development of social enterprises. This means that social enterprises are likely to be successful and generate revenue and profits while maintaining their social mission.

These assumptions make explicit the researcher's belief that this objective of becoming sustainable through social enterprise can be achieved as social enterprises are profitable and are receiving much support.

For the outcome: 'NGO is engaged in income generating activities', the assumption is:

In order for the NGO to generate income, it needs to be engaged in trading activities. This assumption clarifies the point that the NGO is already fulfilling its social mission and objectives but requires further actions and support to generate revenue.

For the outcome: 'NGO staff/volunteers possess the required business and social skills', the assumption is:

Existing staff/volunteers have the capacity to learn and develop the required business skills to engage in the marketplace and the NGO has access to new staff and volunteers who already possess such business skills and are trainable in social development skills. This assumption is an article of faith that the existing staff/volunteers are trainable and NGOs can attract new staff/volunteers with business skills.

Furthermore in order for staff/volunteers to develop the requisite business skills, the researcher is cognisant of the fact that training is necessary and allowing staff to participate in internships within existing businesses will enhance and provide the opportunity to put their newly acquired skills into action while learning from those who are already training in the marketplace. The researcher is also aware that all staff/volunteers may not opt to participate in this process and transition. Subsequently, the recruitment of new staff/volunteers will presumably fill this gap.

2.3.5 Summary Theory of Change Framework

The theory of change framework for an NGOs Journey to Sustainability, was developed based on the premise and the literature that showed that many NGOs have lost and are losing funding from the state and that NGOs in developing countries may not receive such government funding, as in the case of Young Women/Men of Purpose (YWOP/YMOP) (NGO in Jamaica). The increase in the number of NGOs that have developed over the years along with other public organisations and institutions that are seeking funding has increased the competition for funding, thus making it more difficult for NGOs to acquire funding from private donors.

The goal of the framework is to help NGOs, using the case of YWOP/YMOP, to create a social enterprise within the organisation to generate revenue to ensure the organisation's sustainability while still maintaining its social mission.

Social enterprise was identified as a viable option for income generation, based on current success of the phenomenon, the support that is available for organisations/individuals wanting to establish social enterprises and more importantly the financial and social sustainability of its business model due to revenue generation, while fulfilling its social mission.

Based on the assumption that an NGO can engage in income generating activities by trading in the marketplace, once the staff/volunteers possess the requisite business skills, the framework was developed to focus on organisational restructuring. The researcher believed that the staff/volunteers within the NGO could be trained in business skills and that additional staff/volunteers who already possessed these skills could be recruited. Once this was achieved, the staff/volunteers within the NGO would be able to translate their skills into conducting market research and developing products and services that the NGO could trade in the marketplace to generate revenue for the organisation. The NGO may also then, need to modify its objective by making them broader to encompass its newly developed social enterprise. This may require collaboration from stakeholders, including: trustees, directors, staff and clients.

3 . Methodology

The research was conducted using the qualitative research design as the research sought to understand the complexities and processes of how NGOs and Social Enterprises operate and understanding the organisational changes and processes that are included in the conversion from the former to the latter. According to Silverman (2000), the qualitative research design should be used when the analysis is more interpretive rather than contributing to existing statistics or other forms of quantification.

The study was conducted using both the case study method and an online questionnaire-based survey. To investigate the structure and operations of NGOs and Social Enterprises, the case studies of the NGO, Young Women/Men of Purpose (YWOP/YMOP) which has been operating in Jamaica since 2009 and the HCT Group, a charity turned Social Enterprise which has been operating in the UK since 1982 were comprehensively analysed.

Primary data was collected from both organisations using the organisations' documentation which for the HCT Group was publicly available because of the organisation's charitable status and for YWOP/YMOP accessibility because of the researcher's affiliation with the NGO as the founder and chairman. Both organisations were also asked to complete an online questionnaire-based survey which sought to gain a better understanding of the current organisational structures and financial capabilities of the organisations. A telephone interview was later conducted with the HCT Group for further clarifications to the online survey questions and the now complex structure of the organisation.

The second approach invited three additional NGOs in Jamaica to participate in the same online questionnaire-based survey via email and three additional Social Enterprises in the UK (of which only one responded). This method was used to get a wider scope and deeper understanding of the general structures of NGOs operating in the developing country of Jamaica and the general structures of Charities, operating as Social Enterprises in the UK. The NGOs in Jamaica were selected based on the network of the researcher who has been involved in Non-Profit Management in Jamaica for approximately four years and included two small-sized NGOs and a medium-sized NGO operating at the National level, while the Social Enterprises in the UK were selected based on recommendations from Social Enterprise UK. The self-completion questionnaire was developed and structured to include seventeen questions which focused on understanding the fundraising practices and income generating activities and capabilities of the organisations as well as their current organisational structures and their willingness to make changes if necessary to assure sustainability.

3.1 Research Objectives

The developing phenomenon of social enterprise and the reduction in available funding for non-profit organisations has influenced the research to conduct this research. The objectives of this study are as follows:

- To understand the organisational structures of NGOs
- Examine the funding practices and financial models of NGOs
- Understand the organisational structures of social enterprises
- Analyse the financial models of social enterprises

Conduct a comparative analysis between the funding practices of both NGOs and social enterprises in the context of sustainability

Apply the theory of change approach to change the human resource capacity of NGOs to create social enterprises

3.1.1 Limitations and Constraints

There are several limitations and constraints associated with the execution of this research. First the limited time and resources given to conduct the research resulted in the small number of participants in the questionnaire based survey. The respondents however, represented the general cross section of organisations and the two case studies used and interview conducted provided the detailed information required for the research.

Secondly the limited time and resource constraints limited the ability of the researcher to test the framework developed. The framework is therefore a pilot that can be used for further academic research relating to non-profit organisations and social enterprises.

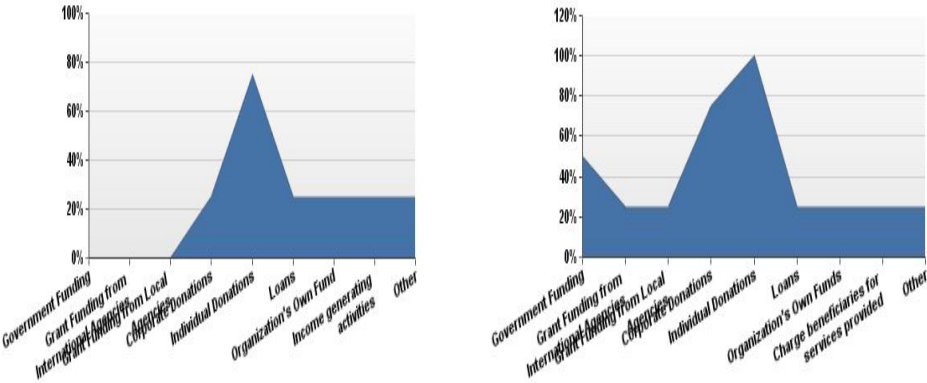
4 . Results

4.1 The Financial Structures/Funding Models of NGOs

Survey results demonstrated that all NGO participants incurred varying forms of monthly operational expenses ranging from rent for facilities to several utility expenses such as: telephone, electricity water. The NGOs that had paid staff had additional expenses of salaries and wages and other expenses incurred by the organisations included: insurance, travel expenses, internet and building maintenance. The organisations responded that they received the bulk of their funding to cover their organisational expenses from individual donations and to a lesser extent corporate donations, organisation's own fund, incoming generating activities and for one specific NGO, loans. Similar results are reflected for Question 6, where organisations were asked about the sources of their finances to provide social services to the public. While results remained constant for most of the categories, there is an increase in the number of organisations that received grant funding to execute their social missions.

It can therefore be deduced that although NGOs have the potential to receive grant funding to execute their social missions, the funding cannot be used to cover the daily operational expenses which are important for the sustainability and existence of the NGOs. Hyndman and McDonnell (2009), in trying to situate the agency theory of corporate governance within the non-profit model, argued that charities are accountable to donors in the way in which donated funds are discharged and that funds are distributed as best as possible to the intended beneficiaries, (Hyndman and McDonnell, 2009).

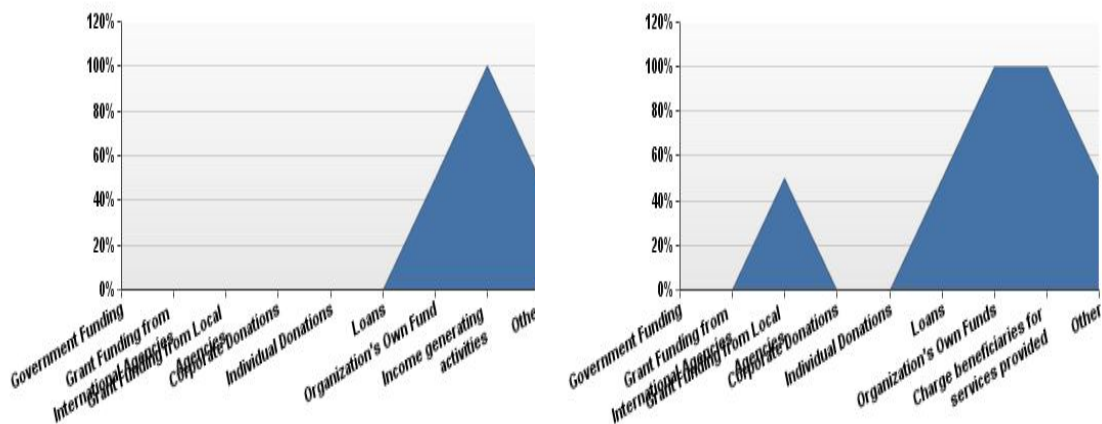
Figure 2. Funding for Operational expenses NGOs Figure 3. Funding to offeservices to public NGOs



According to Dove (2013), traditional charities are now trading to survive and grow in the in light of the decline in Philanthropy, however only fifty percent 50% of respondents were engaged in income generating activities. Respondents were all aware of the concept of social enterprise and all declared willingness of above 80% to develop social enterprises within their NGOs if it would generate revenues to ensure the sustainability of their organisations.

4.1.2 The Financial Structures/Funding Models of Social Enterprises

Figure 4. Funding for Operational expenses SEs **Figure 5. Funding to offer services to publicSE**



Figures 4 and 5 above shows the revenue streams of the social enterprises operating in the UK. All (100%) participants from the social enterprises responded that their organisations were engaged in income generating activities. To fund operational expenses, respondents stated that revenues were generated mainly through the organisations income generating activities. Other sources of income were used from the organisation's own fund and other resources such as partnerships with government or other organisations. Similar to the NGOs, the Social Enterprises responded that they received grant funding from donors such as local organisations to assist with the financial costs related to offering services to the public. Social Enterprises to a greater extent charged their beneficiaries for services offered and 50% of the social enterprises took loans to gain capital to provide services.

4.1.3 Organisational Structures of NGOs vs. Social Enterprises

An important aspect of the structure of both NGOs and Social Enterprises, relates to the skills and competencies of existing Human resources. Table 2 shows the existing capacity of both the volunteers and staff in the NGOs.

Table 2. Skill and Competencies of Human Resources in NGOs
Table 3. Skills and Competencies of Human Resources in NGOs

#	Question	Very weak	Weak	Average	Good	Excellent	Total Responses	Mean
1	Interpersonal Skills	0	0	0	2	0	2	4.00
2	Communications Skills	0	0	0	2	0	2	4.00
3	Social Development Skills	0	0	0	2	0	2	4.00
4	Business Skills	0	0	1	0	1	2	4.00
5	Technical Skills	0	0	1	1	0	2	3.50

#	Question	Very weak	Weak	Average	Good	Excellent	Total Responses	Mean
1	Interpersonal Skills	0	0	0	2	0	2	4.00
2	Communications Skills	0	0	0	2	0	2	4.00
3	Social Development Skills	0	0	0	2	0	2	4.00
4	Business Skills	0	0	1	0	1	2	4.00
5	Technical Skills	0	0	1	1	0	2	3.50

While the NGOs scored high in the categories of interpersonal and communications skills, average rankings were received in the area of social development skills, lower rankings were received in the areas of individuals within the organisation with business and technical skills. As NGOs are social organisations mainly providing services to the public, the human capacity exist in the areas that are most need and used by the organisation. The lower ranking for other areas especially the business and technical could foster implications as to the reasons for NGOs not being sustainable, whether through increased fundraising activities, by gaining more grants or increased donations from donors or by engaging in income generating activities.

The results of the same question to the Social Enterprises, as reflected in Table 3, shows a higher mean across all skills for the individuals within the organisations. While the variance between the mean of both the NGOs and the Social Enterprises for the area of Business Skills is not very high, it should be noted that 50% of the respondents from the Social Enterprises stated that staff had excellent business skills while the NGOs highest ranking was that staff had good business skills. Once again this may affect the organisations ability to effectively engage in income generating activities.

4.1.4 An Organisation’s Openness to Change

Table 4 shows the result of the NGOs willingness for organisational change in the areas of objectives, mission, staff, location and general organisational restructuring. 50% of the participants stated that they were not at all willing to modify their organisation’s mission even if it guaranteed sustainability. A higher percentage of the respondents were more willing to modify their objectives and all respondents were more keen on changing or hiring staff/volunteers with the requisite skills if needs be. All except one of the participating NGOs displayed willingness to change location and all were at least somewhat willing to have their organisations undergo restructuring to guarantee their sustainability.

Table 4. Ngos Willingness for Organisational Change for Sustainability

#	Question	Not at all willing	Some what willing	Neutra l	Fairly willing	Extrem e ly willing	Total Responses	Mean
1	Modify mission	1	0	0	1	0	2	2.50
2	Modify objectives	0	0	0	2	0	2	4.00
3	Change or hire new staff/volunteers with required skills	0	1	0	0	1	2	3.50
4	Change location	1	0	0	0	1	2	3.00
5	Restructure Organisation	0	0	0	1	1	2	4.50

Table 5. Ses Willingness for Organisational Change for Sustainability

#	Question	Not at all willing	Somewha t willing	Neutral	Fairly willin g	Extrem e ly willing	Total Responses	Mean
1	Modify mission	2	0	0	1	1	4	2.75
2	Modify objectives	1	0	0	2	1	4	3.50
3	Change or hire new staff/volunteers with required skills	0	0	1	2	1	4	4.00
4	Change location	1	0	1	1	1	4	3.25
5	Restructure Organization	0	1	1	1	1	4	3.50

On the other hand, the respondents from the Social Enterprises, as shown in Table 5 above, displayed somewhat similar willingness to make modifications to their current organisational structures. One organisation stated that it would not make changes to its mission, but all were fairly willing to modify their objectives. Participants were evenly divided as it relates to changing staff/volunteers, where one organisation stated that it would be somewhat willing while another extremely willing. One organisation would not change location while another is extremely willing to change location. Implications can be drawn that the organisation that is not willing to change its location may be serving a particular need within its community and relocation may negatively affect the existence of the organisation. While to the other extreme, relocation of the other organisation may generate increased revenues to continue and possibly expand their social impact. All respondents were at least fairly willing to restructure their organisations.

5 . Discussion

5.1 Financial Structures/Funding Models

In order to sustain itself, an NGO must ensure a flow of resources (Bryson et al., 2001; Valentinov, 2008). There is no limit as to the funding sources of NGOs, however it can be deduced from research findings that although NGOs have the potential to receive grant funding to execute their social missions, the funding cannot be used to cover the daily operational expenses which are important for the sustainability and existence of the NGOs. Hyndman and McDonnell (2009), in trying to situate the agency theory of corporate governance within the non-profit model, argued that charities are accountable to donors in the way in which donated funds are discharged and that funds are distributed as best as possible to the intended beneficiaries, (Hyndman and McDonnell, 2009). According to Dove (2013), traditional charities are now trading to survive and grow in the light of the decline in Philanthropy, however only fifty percent 50% of respondents were engaged in income generating activities. Respondents were all aware of the concept of social enterprise and all declared willingness of above 80% to develop social enterprises within their NGOs if it would generate revenues to ensure the sustainability of their organisations.

Many charities within the UK engage in some form of enterprise activity. However, research shows that a majority still depends on some form of grant funding or private donations. As stated in the case of the HCT Group, in 1993 the charity realised that traditional grants were under threat, and came to the realisation that the best way to become sustainable was to become an effective enterprise. The organisation then began to compete for commercial contracts in the marketplace to generate income that would allow them to continue to provide community transport and continue fulfilling their social mission. Here, the HCT Group employed enterprising techniques, and changed its attitude, approach and behaviour (Grenier, 2009) in order to become fit and survive the increased competition over scarce public and private money (Dey, 2011). This approach allowed the HCT Group to “Grow from a handful of volunteers and a couple of minibuses, with a turnover of £202k in 1993 – to a large scale social enterprise with over 700 employees, twelve depots spread across London, Yorkshire, Humberside, the Southwest and the Channel Islands, a fleet of over 370 vehicles and a 2011/12 turnover of £28.6m”. Furthermore, like a true business, employing business professional operations and marketing techniques to improve efficiency in products and services so as to serve the community better, (Reis and Clohesy, 1999), the HCT Group expanded by establishing and acquiring new businesses, which are registered in varying social enterprise formats to generate further profits to continue to execute its social mission within the community. This is an example of the distinct business models that is unique to social enterprises, according to Nicholls, 2006.

It can therefore be implied that once an NGO understands the principles of business and is able to apply them to the organisation and make the relevant changes, the NGO may be able to adjust its funding model, by moving from almost total dependency on grant funding and philanthropic donations, to generating 100 percent of the revenues needed for its operations.

5.2 Human Resources Capacity

Human resources is necessary for the success and operation of an organisation, whether for-profit or non-profit. Research findings, however, highlighted the significant differences in the types of human resources that exist in both organisational forms. NGOs relied heavily on voluntary labour to execute their social missions, while Social Enterprises operating as businesses employed most of the human resources needed for their operations.

The research showed that over 70 percent of the human resources in NGOs were volunteers while only 10 percent volunteers in social enterprises. Further analysis of the data, however, showed that there was a discrepancy with the data of the NGO operating at the national level, which had 90percent paid employees and only 10 percent volunteers. This suggests, therefore, that the ratio of volunteers to paid employees may depend on the size, nature, structure and scope of the NGO.

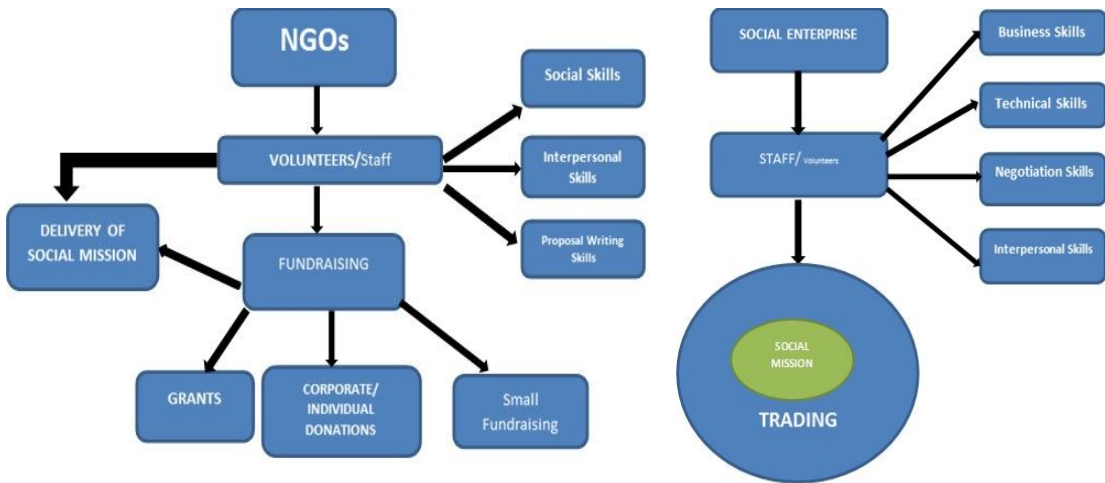
While this is true, it provides a level of ambiguity about the funding models of NGOs who to a large extent depend on most of their revenues from grant funding or philanthropic donations ((Weerawardena, McDonald et al., 2010) and are losing funding due to increased competitions and global economic crisis, resulting in reduced staff and reduction in their abilities to execute their social missions. Social enterprises, on the other hand, with 90percent paid employees and 10percent volunteers, are still in a position to sustain themselves due to their enterprise business models and their income generating capacities. In fact, social enterprises, have a comparative advantage and are able to create more social and economic value because of their ability to mobilise more inputs through voluntary labour and the willingness of employees to work for less (Nicholls, 2006).

The skills and competencies of both volunteers and employees in both NGOs and social enterprises play an integral role in how the organisation executes and fulfil its objectives. An NGO whose sole purpose is to execute its social mission and objectives, usually tend to have human resources within competencies related to social skills and development. On the other hand social enterprises focus more on individuals with business skills, even if only at the higher levels (according to the HCT correspondent in interview) and technical skills to execute task.

Figure 2 below shows the organisational structure of the traditional NGO with volunteers outnumbering paid staff. The predominant skills of the volunteers/staff are, but not limited to: social, interpersonal and proposal writing skills. These skills may be seen as necessary based on the general proposes of NGOs, which are to provide social services to their beneficiaries within society. Fundraising is a major component of traditional NGOs as they usually do not charge their beneficiaries for the services provided. This drives the need for volunteers/staff with good proposal writing skills to prepare for grant funding applications, as grant funding is usually the main source of income for NGOs.

The execution of the social mission is depicted to be reliant on fundraising efforts. Other fundraising activities include: seeking philanthropic donations from individuals or corporate companies and engaging in small fundraising events.

Figure 2: Traditional NGO Model Figure 3: Social Enterprise Model



Social Enterprises on the other hand, according to Figure 3above, have a higher ratio of paid staff to volunteers. Although still executing a social mission, the nature of social enterprises tend to be very business-like and as such, the dominant skills usually possessed by staff/volunteers are: business, technical, negotiation and interpersonal skills. These skills allow the organisation to engage in its main activity of trading and the social mission may or may not be embedded within its trading activities, but is directly executed because of the revenues generated from trading.

5.3 Applying the Theory of Change

To become sustainable, many NGOs need new skills to deliver their vision and many of those skills are the same skills needed in business (Nicholls, 2006). According to Lounsbury & Strang (2009), NGOs are obliged to employ the tools and tropes of business to fashion novel approaches to social change. These tools may include redefining its purpose by stating its mission in broader terms, as being too narrow places the organisation at risks of failing the test of economic viability (Weerawardena, McDonald et al., 2010).

Research findings however showed that not all NGOs were willing to redefine their organisations mission, however most displayed more flexibility in modifying their objectives if it would increase the probability of sustainability. While this is true for NGOs, the same can be said about the social enterprises who participated in the research. However, the correspondent from HCT Group during interview stated, that while the organisation was not at all willing to modify its mission, it was willing to modify the objectives based on recommendations from the community in which it serves. This can be concluded as a fair proposition from both NGOs and social enterprises as the organisations not only need to be financially sustainable but they should execute the social missions for they were created as otherwise it would defeat the purposes of both NGOs and social enterprises.

The above average score of the willingness to make modification to all other areas, (staff/volunteers, location and organisational restructuring) within the operations of the NGO suggest that NGOs are aware of the current challenges with their funding models and are willing to make changes within their operations if the result is sustainability. The participants were all aware of the concept of social enterprise and expressed willingness to develop social enterprises within their organisations as they understood that through social entrepreneurship, NGOs may become sustainable once they are willing to employ state-of-the-art management practices, such as: competitive strategy, broader missions, human resource management, investor relations and customer relationship management (Dees, Emerson & Economy, 2002).

The theory of change approach is therefore proposed as a workable solution for NGOs who express a willingness to make the necessary changes within their organisation to become sustainable by creating social enterprises to generate their organisations own stream of income. The theory of change is simply a theory of how and why an initiative works (Weiss, 1995). It is a description of a social change initiative that shows how early changes relate to intermediate changes and then to long-term changes. This forms the basis for strategic planning and may be used as a blueprint for the work ahead and its likely effects or for management and decision making as a project or programme develops and progresses (Ellis, Parkinson and Wadia, 2011). Based on research findings, the difference in structures and operations of an NGO and a social enterprise, relies heavily on the capacities of its human resources.

Consequently, if an NGO adopts the organisational structure of a social enterprise, by restructuring, recruiting and training staff/volunteers in the requisite business skills, the probability of the NGO adopting more enterprising principles may be increased, thus increasing its probability of sustainability through own income generating activities.

6 . Conclusion

The research concludes by answering the research question based on the findings and discussions of the study.

“Do NGOs have the capacity to create social enterprises to become sustainable by applying the theory of change?”

The research question was validated based on the theory of change framework developed, which outlined the steps to be taken, using the backward mapping process, in order for an organisation to accomplish an initiative and fulfil a long-term goal. The researcher being aware of the limitations of the research, proposes follow-up research where the framework can be applied, monitored and tested using a live project.

As seen in the analysis, the main differences between the structures of an NGO and a Social Enterprise lies heavily within the human resource capacities and the organisational structures of both. The human resource capacity of an organisation strongly influences the way in which the organisation operates, based on difference in expertise, thinking capacities and the strategies used by the individuals and the organisation. It can therefore be concluded that once the individuals are trained to develop the requisite skills or once new individuals, with the requisite skills are recruited, the organisation is closer to achieving an outcome on the theory of change framework.

The developing social entrepreneurship literature is lacking the linkage and directions of how the existing non-profit organisations, who are already fulfilling a social mission can develop and incorporate enterprising techniques, through enterprising individuals to complete the process of developing sustainable social enterprises. If an NGO is will to undergo the necessary organisational changes it is ahead of a start-up social enterprise that is looking to developing an enterprising entity with a social mission.

Future research should fill this gap in an effort to reduce the increasing number of NGOs that are being forced to close operations or discontinue projects because of lack of funding, as they play an integral role in society, fulfilling a need that cannot be filled by the government and the private sector and especially more so in developing economies.

6.1 Recommendations

This is a preliminary study which is susceptible to several limitations. The recommendation for further studies is being made, especially in the area of policy development for Social Enterprises. While this is still needed in some developing countries, the literature as it relates to the structure of NGOs in Developing countries is non-existent and the need for literature regarding the structure of the growing concept of Social Enterprises is well needed. Focus should also be placed on Social Investments that are needed for the development of Social Enterprises.

Governments in developing countries should also consider developing a 'Third Sector' which will include all non-profit organisations and social enterprises.

Further research should be conducted, applying the theory of change model to NGOs and recording results to prove the credibility of the framework.

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