

## **Funding Sustainability of Welfare Oriented Non-Governmental Organisations: A Brief Analysis**

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### **ABSTRACT**

In Malaysia, the current state of the economy causes a general shortage of funds, which especially affects non-governmental organisations (NGOs). The impacts of inadequate funding on NGOs include interruptions of service provision, changes in objectives and priorities, enhanced donor influence and changes in organisational culture. These issues impact local NGOs, who usually depend on donors to support their operations. This paper aims to provide a conceptual explanation of one of the main issues of NGO sustainability, namely funding sustainability and focuses on potential strategies devised to suit the Malaysian context. Based on library research, this paper identified strategies commonly pursued by NGOs to pursue sustainability, particularly funding sustainability. Six strategies were identified: enhancing credibility and visibility, implementing cost-efficient measures, building organisational capacity, diversifying sources of income, encouraging volunteerism and forming collaborations and coalitions. The majority of these strategies have been put into practice elsewhere, but they must be adapted to fit welfare-oriented NGOs in a Malaysian context. NGOs are continuously adopting a growing range of strategies; the ones highlighted in this article are not an exhaustive list. However, they provide an overview of viable strategies that can influence an organisation's financial sustainability and service provision in the long run. These strategies could give policymakers, organisation leaders and social work managers initial guidelines for creating a suitable strategy for NGOs to achieve financial sustainability in a Malaysian context.

**Keywords:** Non-Governmental Organisations; Welfare-oriented NGO; Financial Sustainability; Lack of funding; Organisational Capacity

### **INTRODUCTION**

Civil society organisations in the non-profit sector, also known as non-governmental organisations (NGOs), play a significant role in closing the development gap along with the public and private sectors. Civil society is an essential factor in fostering community engagement with its ability to mobilise people around social agendas, influence policymakers and business owners and adapt to technological and societal developments. The development gap has led communities such as the poor and marginalised to demand that their development

needs be met. The role of the voluntary and philanthropy-based non-profit sector is to complete the process of service delivery and the call for improvements in overall community well-being (Ishak, 2011).

In this capacity, NGOs are involved in infrastructure development, capacity building, advocacy, economic development and the promotion of community well-being. Some NGOs also engage with political matters related to government policies, democracy promotion, good governance and human rights advocacy (Soh & Tumin, 2017). The involvement of NGOs at the highest level of policymaking is beneficial to ensuring the effectiveness of government policies because NGOs have a deeper understanding of societal issues and impacts due to their local and issue-oriented nature. Malaysian NGOs, especially those that focus on good governance, tend to collaborate with the government (Alatas, 2003). Although diverse, NGOs in Malaysia share several characteristics: they work to foster social awareness among citizens, promote democratic participation, combat social issues and empower disadvantaged groups to voice their opinion in the enactment of social, economic and political reforms (Weiss, 2003).

In Malaysia, the purpose of the social welfare system is to protect the well-being of the people. The system consists of various social services created by the government to meet the basic societal needs and is intended as a mechanism to address social issues. The Ministry of Women, Family and Community Development is the principal agency responsible for overseeing social issues in Malaysia. Several departments are placed under the purviews of the ministry such as the Department of Social Welfare (DSW), the Department of Women Development, the National Population and Family Development Board, the Malaysian Social Institute, and the National Welfare Foundation. Outside of formal government frameworks, civil society organisations take part in monitoring the welfare of the people (Ratnam, 2003). According to Bunbongkarn (2001), civil society is comprised of different types of organisations, e.g. NGOs, that address public concerns.

The National Council of Welfare and Social Development Malaysia was established through a DSW initiative to create a single national-level coordinator for 'voluntary welfare organisations' (the official DSW name for welfare-oriented NGOs). The objective was to bring voluntary welfare organisations together and strengthen their presence in the international welfare and social development arena. This council also became a medium for connecting local NGOs with international organisations through its membership in global institutions such as the International Council on Social Welfare. NGOs in Malaysia have diverse backgrounds and complex structures. The Societies Act 1966 stipulating that every organisation must register with the Registrar of Societies. Malaysian welfare-oriented NGOs must fulfil certain obligations such as filing annual reports, holding general meetings and contributing to the Employee Provident Fund. Failure to comply with these regulations may result in legal action being taken by the relevant regulatory body. Despite these obligations, numerous unregistered welfare-oriented NGOs operate in Malaysian society. It was estimated that 26,000 NGOs were active in 2015. In 2016, the Malaysian government allocated RM160 million compared to RM50 million in 2015 (Utusan Online, 2015). NGOs also have the opportunity to benefit from corporate social responsibility programmes, which companies implement to provide comprehensive services to the community and facilitate NGO operations (Astro Awani, 2019).

NGOs need to access resources to achieve their objective of promoting societal well-being. As non-profit organisations focussing on social missions rather than economic gain, NGOs depend heavily on donor support to finance their organisations and programmes (Lewis & Kanji, 2009). Donor dependence is relatively a high-risk strategy considering that there is no guarantee of long-term funding. Funding reductions are problematic for NGOs as they affect all organisational aspects such as project planning and implementation as well as day-to-day operations. Furthermore, formal donations usually include a contract that commits to funding

a project for a specific period. Organisations then need to implement the project accordingly to ensure that all contract objectives are met. This implementation or lack thereof will impact donors' willingness to offer future funding. Some NGOs also collect donations to support their projects. These NGOs often face project implementation difficulties and struggle to support their operations without a steady flow of funds. To ensure a stable cash inflow, some NGOs has adopted business strategies to generate income.

## **OBJECTIVE**

Despite the wide recognition given to NGOs, an essential research gap remains with regard to understanding NGO sustainability. To carry out their vital social missions and remain impactful, NGOs must retain the ability to finish their projects and sustain their organisations. Although several studies have been conducted, these all have considerable limitations, especially in a Malaysian context. The lack of research on organisational sustainability from a non-profit perspective may lead to the erosion of NGOs' ability to pursue social missions for the sake of community well-being (see, for example, Amagoh & Kabdiyeva, 2012; Appe, 2019; Chan, 2010; Denison, Wenli, & Butler, 2019; Hasmath & Hsu, 2008; Hasnan, Zubaidah, Mohamad, & Kamarudin, 2012; Okorley & Nkrumah, 2012; Omar & Ismail, 2019; Singh, 2014; Stanovci, Metin, & Ademi, 2019; Weerawardena, McDonald, & Mort, 2010). Against this backdrop, this paper provides a conceptual explanation of one of the main issues of NGO sustainability, focusing on potential strategies devised to suit the Malaysian context.

## **LITERATURE REVIEW**

### **Defining Non-governmental Organisations and Their Sustainability**

NGOs play many roles in society, incorporating social, economic and political functions. They are actively involved at all societal levels, from grassroots movements up to policy formulation. Their contribution to society is generally acknowledged, including by the United Nations (Weerawardena et al., 2010). However, the literature also reveals that the term NGO remains contested. Out of the many characterisations offered by different scholars, the basic definition of an NGO is an entity whose prime purpose is social (Cordery, Belal, & Thomson, 2019). However, Stanovci et al. (2019) have summarised the various definitions of NGOs as generally referring to autonomous, non-profit making, self-governing and campaigning organisations that focus on the well-being of others. This article will focus on the basic NGO definition as it is conducive to understanding NGO sustainability.

The term sustainability has become a worldwide phenomenon across many sectors, including civil society. This focus has attracted scholarly interest in both global and local sustainability studies (see, for example, Appe, 2019; Denison et al., 2019; Okorley & Nkrumah, 2012; Omar & Ismail, 2019; Singh, 2014; Stanovci et al., 2019). Although there is no universally accepted sustainability concept, the terms sustainability and sustainable development are now globally accepted and widely used in most fields, civil society included (Fifka, Kühn, Loza Adauí, & Stiglbauer, 2016). Just as with NGOs, sustainability is a contested concept, especially in the civil society sphere. Scholars like Appe, Barragan & Telch (2017) have suggested that the definition of sustainability in an NGO context might be different to definitions that are deemed appropriate from scientific, environmental, or profit-based standpoints. Appe et al. (2017) found that the term sustainability has been used regularly in civil society networks but with different associated meanings. The term is used to refer to something that is contributed by NGOs and the non-profit sector as a whole. The term

sustainability is also used to refer to sustainability at the organisational and sector level. Additionally, the term is used to describe sustainable development in two circumstances: NGOs that contribute to sustainable development in the community and NGOs that are part of the United Nations' Sustainable Development Agenda. Furthermore, the term sustainability can be applied at the organisational level and relates to financial sustainability or the response to external pressures, such as policies restricting or reducing international aid. According to Metin (2017), it is possible to understand organisational survival as sustainability in the NGO literature. For the purpose of this article, sustainability refers to the organisation level and involves maintaining NGO operations and services to the community.

### **Impacts of Inadequate Funding on Non-governmental Organisations**

Funding is crucial for any non-profit organisation such as welfare-oriented NGOs. NGOs – even those engaging in income-generating activities – depend on funding to support their operations. External funding dependence is a characteristic of all NGOs as their prime purpose is to be non-profit-making. However, past research has suggested that NGOs are experiencing reductions in funding for their projects. According to this literature, a lack of funding will impact both the project in question and the organisation as a whole.

#### *Interruption of Service Provision*

Donor dissatisfaction with the spending of aid funds can lead to decisive action such as cost-cutting measures to maintain public and donor confidence in the organisation's efficient resource management (Arshad, Bakar, Sakri, & Omar, 2013; Maboya & Mckay, 2019). Cost-cutting measures can take the form of reductions in the number of staff, development of new organisational systems and procedures, or cutbacks in geographical coverage (Arhin et al., 2018). In some situations, where there is failure to comply with donor requirements, these measures can lead to project collapse (Chepkemoi & Njeru, 2017). Most welfare-oriented NGOs depend on donor funding to remain operational. Changes in donor funding may create uncertainty about an organisation's overall sustainability (Amagoh, 2015; Appe, 2019; Arhin et al., 2018; LeRoux, 2005). In some cases, NGOs may have to rely on volunteers for their organisational survival because of reduced donor funding (Kumi, 2019a). In the event of a layoff of paid staff, some previously paid tasks can pass to community members who now do them on a volunteer basis. Thus, if the NGO is unable to attract volunteers in this scenario, the situation will worsen. In the absence of core funding, volunteer unavailability will affect the day-to-day operations of NGOs (Kumi, 2019b).

#### *Changes in Objectives and Priorities*

To preserve their core functions in the absence of sufficient alternative funding, NGOs need to realign their activities and objectives to suit the shifting priorities of their donors. These adjustments may also require NGOs to work in areas unrelated to their mission statements if donor priorities expand into new programme areas. Internal reluctance to these changes can lead to the abandonment of donors' funding priorities (AbouAssi, 2012; Krawczyk, 2017; Parks, 2008). With the focus on short-term projects and the absence of interest in social investment, donor dependence means that NGOs are required to periodically report measurable results. Therefore, NGOs have to remain accountable to donors by prioritising the achievement of targets and quantifiable output over their broader long-term commitment to empowering their target group or community. Furthermore, NGOs might not receive adequate

encouragement from donors to develop their capacity and become autonomous and financially independent (AbouAssi, 2012; Banks, Hulme, & Edwards, 2015; Hailey & Salway, 2016).

### *Enhanced Donor Influence*

Donor power derives mainly from donors' financial influence over NGOs through their funding decisions, which are usually conditional (Pallas, Anderson, & Sidel, 2017). To keep their funding, NGOs must comply with the conditions set by their donors and often agree to undertake specific activities. Furthermore, donors generally have monitoring and reporting requirements to measure an NGO's progress and goal fulfilment. It is a challenge for NGOs to ensure continuity of funding. Moreover, competition among NGOs can make it challenging to obtain new funding. Donor influence can nurture NGOs that are more responsive towards their donors than their service recipients. Additionally, donors tend to favour NGOs that align with their organisational culture and pre-existing interests (Pallas et al., 2017). If NGOs continuously have to align their activities with fluctuating donor priorities, it becomes evident how the autonomy and independence of NGOs might decrease (Parks, 2008).

### *Changes in Organisational Culture*

NGOs must alter the ways they operate to maintain favourable donor relationships. Disadvantageous changes in donor relationships serve as a reminder for NGOs to realign their future decisions and performance with donor priorities to avoid further decline (AbouAssi, 2012). However, donors might actively seek out NGOs whose pre-existing missions are similar to their own. NGO feedback might be included in the programme to reflect local interest and input. Donors also engage in capacity building to help NGOs increase their effectiveness. Nevertheless, NGOs often need to acquire skills and make organisational changes to meet the standard set by donors (Pallas et al., 2017). With the recent growth of empowerment and bottom-up approaches, input from service recipients becomes essential to programme planning and improvement, which means that NGOs are increasingly taking a demand-side rather than a supply-side approach (Duijsens & Faling, 2014). NGOs might undertake research to help their donors identify the optimal service for their recipients' needs and demands. The changing aid landscape has forced NGOs to formulate strategies that involve these organisational changes, reorganise their operations and strengthen their organisations by developing new expertise among staff or volunteers. To remain financially sustainable, some NGOs merge commercial values with philanthropic principles in their organisational cultures by engaging in income generation activities such as social enterprises and service fees (Appel, 2017).

## **METHODOLOGY**

This paper used the library research method. The initial step in developing strategies towards funding uncertainty was analysing related publications and connecting relevant strategies to the Malaysian NGO context. During this process, relevant articles were sought from search engines, including Google Scholar (<https://scholar.google.com>), Scopus (<https://scopus.com>), Dimensions (<https://dimensions.ai>) and Semantic Scholar (<https://www.semanticscholar.org/>). Keywords such as 'NGO sustainability', 'organisational sustainability', 'aid reduction' and 'NGO response' were used in this process. The researcher also relied on books and newspaper articles regarding NGOs related to the local Malaysian context because few studies focused on issues involving NGOs in Malaysia, especially as they pertain to NGO sustainability. These efforts resulted in identification of publications about non-profit organisations related to funding sustainability, including studies from Malaysia.

The data for this study were gathered exclusively from scholarly publications and have been analysed deductively. When analysing the data on NGO funding sustainability, three perspectives were employed to understand the issues in depth. The three perspectives focused on a) the understanding of the definition of NGOs and NGO sustainability, b) identifying the impacts of inadequate NGO funding and c) identifying strategies to address these impacts on NGOs operations. The recommended strategies that emerged from this study provide an overview of the issue and could be adopted by welfare-oriented NGOs in Malaysia.

## DISCUSSION AND RECOMMENDATION

Due to the profound impacts of funding uncertainty on welfare-oriented NGOs, there is a fundamental need for an effective strategic planning outline to counter this challenge. Although several scholars have touched on the issue, there is still a scarcity of research focusing on welfare-oriented NGO sustainability, especially in a Malaysian social welfare context. This paper provides an overview of strategies commonly employed by NGOs to pursue sustainability, especially concerning funding. Most of the strategies suggested, see Figure 1 below, centre on best practices regarding organisation management and can be used to improve the operational sustainability of welfare-oriented NGOs.

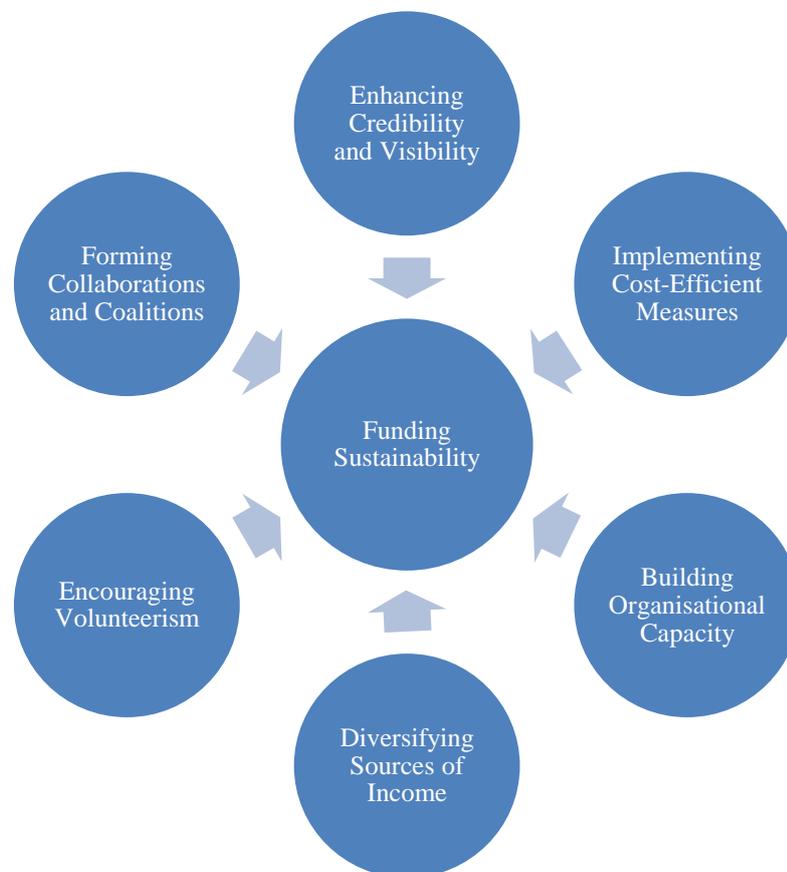


FIGURE 1. Suggested strategies for achieving funding sustainability.

### **Enhancing Credibility and Visibility**

NGOs need to pay serious attention to systems and practices that provide credibility to organisations in order to gain support from donors, private firms, government agencies and communities. NGOs need to focus on deepening donor, community and other external relations (Arhin et al., 2018). NGOs should be registered and regulated by relevant agencies such as the Registrar of Societies and the DSW to gain public trust and avoid management malpractice. As organisations that depend on funding, NGOs must practice accountability in their operations, especially when it comes to financial recording and reporting (Hasnan et al., 2012). Timely reports and copies of audited reports should be made accessible to donors and the public. NGOs can publish hard copy reports or upload soft copy versions on their websites. NGO management should fulfil its responsibility towards donors and service recipients in accordance with the legal framework in the country, such as, for example, the Societies Act 1966 in Malaysia (Ishak, 2011).

According to Arhin et al. (2018), NGOs should be visible in public space for two reasons. Firstly, they should promote their work to gain public support. Secondly, the increased visibility can create a positive public image of the NGOs and assert their expertise and authority. For example, NGOs can look for opportunities on social media such as Facebook and Twitter to make contributions to public discussions. As organisations that depend heavily on funding from external parties, NGOs should aim for operational transparency. Every activity should be recorded appropriately and made available for the public, for example, through yearly reports and brochures.

In terms of receiving public donations, NGOs should aim to convince the public that funds or donations are appropriately managed (Hasnan et al., 2012). According to Awang, Borhan, Taqiudin, & Muhammad (2017), institutions should set up proper channels for receiving donations to encourage the public to behave altruistically compared to direct donation to recipients. Donors might be more inclined to give if NGOs offer benefits such as tax relief. Furthermore, they would like to ensure NGO sustainability through the donations. Additionally, NGOs should be responsible for specific interventions and work closely with communities to enhance their legitimacy (Arhin et al., 2018). Moreover, relevant organisational information such as financial data should be publicly available to attract donor support (Othman & Ali, 2012; Svidroňová, 2013). To attract funding, according to Arshad, Samad, Kamaluddin, & Roslan (2016) and Ishak (2011), organisations must have solid and credible reputations that stimulate stakeholder trust.

### **Implementing Cost-Efficient Measure**

NGOs need to demonstrate competent and effective use of aid funds (Arhin et al., 2018). NGOs should allocate their budgets judiciously and avoid any form of wastage, such as operational reviews that do not affect service recipients. More importantly, any changes made should be following donor priorities (Golub, 2000; Parks, 2008). Sound financial recording and reporting is a control measure to reduce potential misspending of funds. This form of control is necessary to achieve efficient spending, especially in the presence of a significant budget deficit. Organisations can identify and review their spending patterns to avoid misspending and wastage (Ishak, 2011; Othman & Ali, 2012; Tajuddin, Aman, & Ismail, 2014). NGOs are different from profit-based organisations as their main objective is to deliver services to fulfil the needs of their target groups without expecting any monetary profit. Resources, including financial ones, should be handled professionally to enhance the organisations' capability to satisfy the needs of their target communities. Thus, similarly to profit-based organisations, NGOs are required to adopt professional financial management practices. NGOs should

consider adopting management accounting practices that can support managerial tasks, ensure the efficient running of their organisations and satisfy donors as well as beneficiaries (Tajuddin et al., 2014).

To reduce their carbon footprint, NGOs have aimed to reduce or avoid unnecessary spending by, for example, adopting online reporting systems and promotional activities that utilise social media networks to limit paper usage. An organisation might generate income by sending used paper and other recyclable materials to a recycling centre. NGOs can also consider allowing locals to donate recyclable materials, which the organisations can then sell to support their operations. This step will encourage locals to practice recycling while stimulating community engagement with the NGOs.

### **Building Organisational Capacity**

Having competent and motivated staff is a valuable resource in any organisation. NGO capacity can be enhanced by matching staff with relevant training opportunities. Staff members can acquire new skills essential to organisational development. In return, they gain the opportunity to develop their careers within the organisation, thus reducing turnover. More importantly, training is needed for staff to become competent in areas such as programme management, proposal writing and general administration (Low & Davenport, 2002). Capacity building within NGOs is essential for their sustainability. NGOs should motivate their staff and help them progress to retain qualified personnel (Chepkemoi & Njeru, 2017; Farouk & Wing, 2019; Kusmanto, 2013; Okorley & Nkrumah, 2012). The lack of well-trained and experienced staff limits NGOs' ability to manage their daily operations and activities effectively (Okorley & Nkrumah, 2012). There is evidence that some NGOs in Malaysia have failed to manage human capital competently, which in return has threatened their organisational performance and sustainability (Arshad et al., 2016; Kusmanto, 2013; Nasir, Othman, Said, & Ghani, 2009). Therefore, to achieve organisational sustainability, NGOs should take advantage of this knowledge and send their staff to participate in training or expertise sharing opportunities offered by institutions such as universities and training institutes. (Appe & Barragán, 2017; Low & Davenport, 2002; Othman, Ali, Omar, & Rahman, 2012).

### **Diversifying Sources of Income**

The ability to secure financial and non-financial resources is an integral aspect of NGOs' operations. Stable, continuous funding is never guaranteed for NGOs, especially not in the long term. NGOs need to ensure that they have acquired sufficient funding to support their operations throughout both the current year and the year ahead. At the same time, NGOs might need to address emerging needs in their operations or services (Denison et al., 2019). Malaysia is a developing country with rapid economic growth. International donors tend to prioritise other types of countries, especially African ones. International aid and government funding can be problematic and politically motivated. Moreover, with the rising number of NGOs in Malaysia, securing donor funding has become increasingly competitive.

Funding constraints might lead to organisations laying off their paid staff. However, downsizing is not necessarily the best approach to weathering funding uncertainty. Therefore, NGOs aim to diversify their income sources beyond the conventional as an unstable revenue stream can disrupt the operation of services (Zaharrudin, Zakaria, & Shariff, 2018). Moreover, NGOs' reliance on funding and individual aid is relatively a high-risk strategy (Arhin et al., 2018; Hailey & Salway, 2016; Kumi, 2019b; LeRoux, 2005). These conditions push NGOs to work outside of their comfort zones, disrupting the traditional non-profit organisational

dynamic, which is heavily influenced by dependence on governments grants and donor support (Denison et al., 2019). Strategies adapted to diversify income sources comprise online donation platforms, social entrepreneurship and the encouragement of individual and religious giving. NGOs are experimenting with new strategies of resource acquisition and fundraising to build internal capacity and improve their relationships with a diverse set of actors, including donors (Appe, 2017; Arhin et al., 2018; Kusmanto, 2013; Zaharrudin et al., 2018).

Many NGOs are intensifying their efforts to generate funds through donations, mostly from individual givers. Technological innovation has made public online donation easily accessible through platforms such as Facebook, blogs, websites, Twitter and crowdfunding platforms. NGOs are also applicable to accept individual and religious giving. Malaysians are known for their generous culture of giving to support the less fortunate. Moreover, the tax system in Malaysia offers tax relief for some individual and religious donations. These structures have encouraged individuals and companies to donate to support the social missions of NGOs. Some NGOs have also received funding from religious authorities. NGOs in Malaysia are eligible to receive zakat and waqaf funds managed by religious authorities if they fulfil all requirements (Bakar & Ismail, 2018; Hasbani, Zahrin, & Haron, 2017; Zabudin, Chik, Ali, & Rahman, 2018).

Additionally, a growing number of NGOs venture into social entrepreneurship to generate funds from different sources and serve their community. Social enterprises enable NGOs to promote their social missions while becoming more financially independent by generating revenue from their work. To reach their stated goals and create revenue from social entrepreneurship, NGOs rely on innovative methods such as commercial activities, service fees and the sale of goods and services (Appe, 2017; LeRoux, 2005; Zaharrudin et al., 2018). The Malaysian government has recognised how social enterprises can to the betterment of society through commercial strategies. Therefore, the Malaysian Social Entrepreneurship Blueprint was launched to encourage the development of social enterprises in Malaysia (MaGIC, 2015). To accomplish their social missions, according to Denison et al. (2019), NGOs should become increasingly entrepreneurial and utilise multiple revenue sources to generate sufficient income. Therefore, innovative social entrepreneurship provides an opportunity for NGOs to become more autonomous and financially independent (Appe, 2017; Hailey & Salway, 2016; Ishak & Omar, 2015; Ismail, Fernandez, Musa, & Nawawi, 2017).

### **Encouraging Volunteerism**

Withdrawn or reduced donor support will impact NGOs' operational capacity. Without adequate funding, it becomes difficult for organisations to hire and retain experienced staff, especially after a project has been completed. With limited funding, only a small team of staff will remain, including the programme manager.

To overcome these challenges, NGOs may have to rely on volunteers to ensure that their organisations remain operational (AbouAssi, 2012; Kumi, 2019b). However, utilising volunteers is challenging in itself because some of them may lack adequate training and require supervision. However, highly-skilled volunteers can help developing an organisation and ensure its sustainability. Policymakers could encourage volunteerism among Malaysians by introducing volunteer benefits such as personal tax relief for citizens engaged in volunteerism. Moreover, Malaysian criminal law has introduced community service, which serves as non-custodial punishment in the criminal justice system (Rahim, Zainudin, Samuri, & Rahim, 2013). This innovation may help alleviate the lack of available staff in NGOs if community service is expanded to including NGO service.

### **Formation of Collaboration and Coalition**

When resources are limited, collaboration becomes a worthwhile option for NGOs. NGOs can increase their cross-sector collaboration with businesses and government agencies to enhance their sustainability. NGOs should proactively seek out such collaborations that can deliver increased business and value to society. Cross-sector collaboration provides an opportunity for NGOs to broaden their resource base while achieving their goals more effectively (Al-tabbaa, Leach, & March, 2014). As opposed to one-off donations, partnerships in the form of a formal agreement, such as a memorandum of understanding, can offer security and near-predictable resources as all parties work for common goals for a specified number of years (Arhin et al., 2018).

Studies by Arhin et al. (2018), Mulroy (2003) and Okorley & Nkrumah (2012) showed that forming networks and coalitions has become a central NGO strategy to respond to the challenges of achieving funding sustainability. The formation of networks and coalitions enables local NGOs to access funding, including from international donors, and ensures the coordination of activities among organisations sharing particular goals. A project's success will be credited to all coalition members and can serve as leverage to secure financial support for a new project as it entices donors to join the cause. A coalition such as The National Council of Welfare and Social Development Malaysia provide NGOs with opportunities to secure available resources. Additionally, it provides a platform for welfare-oriented NGOs to establish their international presence, which increases the ability of coalition members to secure international grants.

### **CONCLUSION**

The contribution of NGOs to society through social value creation is widely acknowledged (Weerawardena et al., 2010). With adequate funding, NGOs have the ability to advance social inclusion by empowering and mobilising groups. At the grassroots level, NGOs can fulfil the needs of people who are excluded from government and private services. The impacts on NGOs of inadequate funding may worsen in the future due to the volatility of the world economy; NGOs that rely heavily on donations will be particularly affected. Lack of funding for NGOs has disrupted overall NGO operations and organisational growth. Furthermore, inadequate funding can lead to interruptions in the accessibility of social services, especially among vulnerable populations.

It is suggested in this paper that the financial sustainability of NGOs can be strengthened by focusing on the following six strategies: (1) enhancing credibility and visibility, (2) implementing cost-efficient measures, (3) building organisational capacity, (4) diversifying sources of income, (5) encouraging volunteerism and (6) forming of collaborations and coalitions. The suggested strategies will allow NGOs to reassess their strengths, processes and organisational structures to retain the ability to attract donor interest and, more importantly, to stay relevant in the welfare sector through exposure beyond donors' preference. The strategies also give NGOs the ability to implement the most effective services according to the local context – rather than simply those specified by donors – to achieve their social missions. Furthermore, NGOs can become prominent institutions that act as a third force between the business and public sectors and provide checks and balances (Banks et al., 2015; Lewis & Kanji, 2009). Additionally, these strategies could serve as guidelines for local policymakers, organisation leaders and social work managers to produce a workable, localised strategy for NGOs to achieve financial sustainability in a Malaysian context.

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