

THE ROLE OF GOVERNMENT AND VOLUNTARY WELFARE SECTOR IN MALAYSIA

Farrah Shameen Mohamad Ashray¹

Abstract

This paper explores dynamics of the welfare services in Malaysia. The co-existence of the voluntary sector and government welfare services have been an issue of research in many countries. In Malaysia, however, the interaction between these two sectors has been ignored by most scholars. The paper explored the historical perspective and some current conditions to shed light for better understanding of the current actors, structures and institutions related to social welfare in Malaysia. While trying to understand the relationship between the government and the voluntary sector through historical background and existing structures, it was found that the government has been taking a more residual approach in welfare services, especially in care services and institutional services which have long been overshadowed by the services from the voluntary sector.

Keywords: *social welfare services, voluntary welfare organisations, institutional and care services, Malaysia*

INTRODUCTION

In Malaysia, the rush to resize the government saw the introduction of the National Privatisation Policy in the 1980s², after which privatisation and corporatization of infrastructure, transportation services, telecommunication and utilities took place. However, welfare services have not been privatised nor outsourced as in the practice in many other countries. This leads to the question of who are the actors in providing care related or institutional welfare services in Malaysia. It is argued in this paper that in Malaysia, the welfare services have never been privatised or been provided solely by the government because they have mainly been provided by the voluntary sector (VS). This is because the services by VS existed even before independence, thus providing tailor-made services to cater the needs of the vulnerable groups. This situation was in response to the non-existence of a comprehensive welfare system and policy during the years under occupation.

Consequently, the first step is to better understand the background of the roles, responsibilities and relationship of the major actors in the welfare provision in Malaysia, especially through the relationship between the government and the VS. In this paper, the parameter of 'social welfare services' does not include services such as health, housing, education but concentrates on welfare services

1 PhD. Student of Meiji University, Tokyo, Japan (f.shameen@gmail.com)

2 The Privatisation Policy in Malaysia was established in 1983 during the leadership of Mahathir Mohamad, the fourth Prime Minister of Malaysia. The policy started by transferring government ownership to private ownership through various approaches including corporatisation and capital transfers.

for the vulnerable sectors of the community, among others; children, orphans, elderly especially for bedridden and abandoned, persons with disability, the poor and destitute including poor households and the homeless. These services, which can be described as institutional or care services, have been highlighted as one of the most critically insufficient support systems in Malaysia (Ministry of Women, Family and Community Development and UNDP, 2014:91). It is not the author's intention to cover the whole welfare system which includes the cash handouts/ assistance programme and training activities. Instead, the focus is on welfare services that involve care, rehabilitation and protection, for its nature of being more long term, demand higher commitment, costly, labour intensive and involves proper standards as well as skills compared to the rest of the welfare services.

Traditionally, filial duties, community collectiveness, altruism and philanthropy have been the support for most communities, motivated amongst others by blood relations, tribe, ethnic or religion (Salamon, 1995). These movements have created voluntary and non-profit organisations with various missions, including those supporting the vulnerable sections of the community. However, with modernism, formal systems have been introduced by governments that have grown alongside the traditional systems and to some extent, eroded the role of families and communities. From the public service perspective, scholars of public administration and social policy which are more Western-oriented have agreed that governments cannot continue to be the sole providers of public services as they are less efficient (Peters, 1998), do not have the capacity or flexibility to access hidden or inaccessible population and lack innovation as well as space to experiment compared to the VS (Clark, 1995). Pursuant to that, the relationship between government and the VS (Non-Governmental Organisations (NGOs), Non-Profit Organisations (NPOs) and Non-Profit Individuals (NPIs)³ or also known as the 'third sector' is inevitable in the current insatiable and demanding scenario of public services, especially social welfare services.

Although a considerable body of research has been undertaken on government-VS/ NGO/NPOs relationship in social welfare internationally, less attention has been paid to it in the Malaysian context. Existing related research have focused on their roles in advocacy of rights such as women rights (Talib, 2016:103), poverty reduction (Abdul Aziz, 2008) and political/civic movements (Atan et.al, 2013; Rodan, 2014). Previous studies on NGOs have focused on specific services provided by NGOs or in specific NGOs managed institutions, especially in the field of social work (Hatta & Mat Saad, 2014, Jayasooria, 2016), accounting and accountability of NGOs governance of specific NGOs (Othman, 2012), political connections and their transparency (Hasnan et. al, 2012). However, none have studied the dynamics of the relationship of the welfare-related VS with the government. Hence, this exploration is the first of such.

To examine this situation, this paper sets out to explore two lines of enquiry:

3 NPI is not an official term but is recently used in Malaysia to describe few iconic individuals who are influential amongst volunteers and the community, who dedicate their lives to charity, welfare advocacy and welfare services to others without any payment or salary

(1) what is the history of VS in social welfare service delivery in Malaysia; and (2) how is the current relationship between the VS and the government about institutional services? The research looks at the historical background on the relationship between the government and the registered welfare based NGOs in Malaysia and secondly, attempts to identify the existing relationship between the Government and VS at the federal government level. To achieve the objectives, the paper undertook a historical trace followed by a screening of the more recent developments involving welfare related NGOs and the government, through secondary data collection, content analysis and two face to face interviews. The paper concludes with some observations with some recommendations for future policy directions.

2. Government and the voluntary sector: review of past studies

This section presents an overview of the relationship between the government and the third sector from the perspective of government responsibility and public service delivery of welfare services. The existence of the VS, including the NGOs and NPOs covers the lacks or gaps of the government, or the vacuum that exists between government, market, family, and citizens (Tandon, 1987 and Ullman, 1998). Fernandez (1987) and Tandon (1991) explained that ‘...NGOs will be able to expose the government to a grass-roots perspective which might otherwise be neglected’. The NGOs have also been called the ‘agent of the state,’ ‘shadow state’ (Kornatowski, 2010), the ‘third sector’ and the ‘third force.’ Scholars such as Seibel (1990), Salamon (1995), Clark (1995) and Salamon et al. (1992) unanimously agreed that NGOs play important roles in development although Clark (1995) cautioned that not all of them have the capacity or skill to undertake it. At this point, it is, therefore, important to remember that not all NGOs/NPOs are providing services; some are advocators and issue-based, some manage websites, while some run or manage orphanages, schools, old folk’s homes without any payment from the clients. NGOs are also often seen as playing the role of the watchdog and highly suspicious of the government. The level of suspicion can also be attributed to the sector of the NGO; for instance, environmental based NGOs are usually seen to be more opposing and issue-based, compared to health, relief or welfare related NGOs, who are seen as service providers and advocators (personal communication, February 2017).

The involvement of the voluntary sector especially the faith-based or ethnic based movements is not new. An example is mentioned by Salamon (1995: 46) that a huge share of welfare provisions for children were provided by faith-based organisations such as the Catholic and Jewish in the 1960s in New York. In Hong Kong, Kornatowski (2010) found that the relationship and dependency on the VS existed especially in the postwar period, especially on Chinese civic organisations and churches who received funding. Harper (1999) also illustrated the situation is similar in Malaya for ethnic and faith-based VS, where diaspora have caused the Chinese’s communal collectiveness to become more organised, thus creating

a welfare system for the members that provides security, health, education, job placement and even death/ funeral support. Other examples are the Tung Shin Hospital in Kuala Lumpur built in the late 1880s which included a welfare/ poor ward and in the education sector, vernacular schools that were funded by affluent individuals through charity donations (Mair, 1944: 17).

The VS are funded through business investments, charity/donations, crowdfunding and grants from the government. Often, governments promote charity and charitable activities through tax incentives, for individuals or corporate sector. Sugin (2016) writing about incentivising charity argued that charity is private and not public, although it can serve the public purpose. Thus, charity should not be used by a government to provide solutions to public problems. On the other hand, Torpey-Saboe (2015) claimed that in certain sectors, the services of the NGOs might be crowding out the government when she found that municipalities in Brazil with higher concentrations of service providing NGOs tend to spend lesser for certain social services. This brings to the question of are NGOs acting as a substitute for the government by providing services or are they considered partners or the agents of the government? The relationship between the government and the third sector have been termed loosely as 'partnership' and 'collaboration.' The trend is closely related and strongly motivated by issues of reducing the size of the government, austerity, delivery efficiency and effectiveness, which are the main values propagated by New Public Management (NPM) (Hood, 1991). This has led to services originally provided by the government being outsourced to other agencies or privatised to the private sector. In the case of social welfare services, partnership or the relationship between the government and other actors in the market has many more complex forms; formal, informal, with different motivations and values by different organisations (Midgley, 2017), especially when it involves the NPOs, NGOs that are voluntary and could be faith-based, ethnic based, issue-based or locale based.

Peters (1998) while propagating that government should not be the only service provider, cautioned that '...partnership excludes relationships that are dependent on grants or competitive contracts; all parties must share responsibilities and make contributions...'. He went on to say that closer collaboration exposes to the risk of corruption, reduced independence and financial dependency. Peter's claim was parallel to Antrobus (1987), supported by Seibel (1990) and most recently Kitao (2015) that collectively agreed there exist dependency of welfare-related organisations on government subsidies and financial support. DiNitto (2007) claimed that social welfare policy is the position of government to act, or not to act on social issues or problems on behalf of society. Therefore, the government's action or omissions 'affects the quality of life of its people'. She also claimed that to understand the social welfare policy of a certain country, '...it is necessary to learn about some of the social, economic, and political experiences that have shaped, developed and changed social welfare policy'. Her idea of a strong role of government in social welfare has been challenged by observations of recent

tendencies in the reducing of roles by the government in the sector all around the world (Bartholomew, 2015) which could be attributed to the growth of the private and voluntary organisations and the wide adaptation of NPM.

The idea of welfare provision seems to be willingly transferred or outsourced to the third sector under the 'pretext of efficiency and austerity' which are the core principles propagated in NPM adopted by many countries, although more recent studies have shown that these practices have created issues of inequality. This observation by Bartholomew (2015) was similar to the trend in the Scandinavian and Western European countries back in the 1970's and 1980s when the role of the NPOs were encouraged with delegation and funding that it became 'a central feature' of Western welfare states, signaling that it indicated a 'crisis in capacity' of the government in providing welfare services (Ullman, 1998: 9). New Zealand for example, the public sector has lost faith in the promises of NPM ideology, thus have reverted to providing crucial welfare services directly instead of outsourcing them to NGOs or the private sector. Pertaining to the argument of better economic efficiency and quality of services through NPM principles, in terms of encouraging the VS and establishments of new NPOs, Lee (2008) found in Republic of Korea that increase of government grants increased the formation of new NPOs and that the increase of NGOs and their role in social services does not necessarily translate to the decrease in social services expenditure, similar to the conclusions by Salamon (1987). Based on this literature, the argument or perception of transferring or letting the social welfare services be provided by the third sector or a third party will decrease the social welfare expenditure of the government does not hold water.

Two important themes have emerged from the studies discussed so far. Firstly, they seem to suggest that VS do have a relevant role in the social welfare service and influence or impact on the behaviour or approaches taken by all the other actors in the sector, especially the government although ultimately, the government should ensure the welfare of its citizens. The review also showed that popular NPM based values had been questioned and to a certain extent discredited. Sourcing out welfare service does not guarantee lower welfare expenditure while might not ensure equal rights to access the services when needed. The next section will lay-out the situation in Malaysia; beginning with the historical perspective.

3. Social welfare services and welfare related voluntary sector in Malaysia ***Historical Context***

Before the foreign powers came to Malaya, the Sultans ruled the land through absolutism and feudal systems. At the same time, the traditional communities, self-help groups and family-based support systems existed, influenced by the religious teachings such as Islam and Hinduism as well as the voluntary and Christian missionary from the European colonies (Shaffie, 2006). These informal systems existed in communities, supported by community leaders, village heads

(*penghulu*) and religious leaders who were also in charge of several tasks such as collection of tithe/ *zakat*, tax. For instance, orphans or poorer kids were admitted to establishments with accommodation: school and religious learning facilities such as *madrassahs* or *pondok*, churches and temples also provided shelter or boarding (Shaffie, 2000).

Even after the British occupied Malaya, powers in protectorates pertaining religion and culture remained with the Sultans. After the British came, Christian missionaries and its VS became more evident in the Malay states. Institutions such as the Monfort Brothers Home for Boys (French based), St. Nicholas School for the Blind in 1926 (Kratoska, 1998; St. Nicholas School for the Blind, 2011); Red Cross (now Red Crescent Society) established in 1940 in British Borneo (Sabah and Sarawak) and 1940 in Penang Straits Settlement; and Salvation Army in 1939 were established and some also doubled as orphanages or homes for the elderly and the handicapped. These organisations even expanded and had branches/ chapters in a few states.

Parallel to the religious-based voluntary movement, labour based welfare sub-systems were also being established for the estate and plantation workers who were mainly Indians within the estates where employers were responsible for providing healthcare, even maternity leave rights, housing, crèches (day care centres) and schools. This was in place due to the intervention by the Indian government who were concern about the welfare and rights of the Indian workers abroad/ migrants (Mair, 1944: 61-63)⁴, where stress was put upon employers to be responsible for the welfare of the workers instead of fending for themselves. However, the same structure does not exist for the Chinese migrants, thus created their own system of survival. The locals (Malays) on the other hand, continued in the traditional system and were not exposed to any forms of new 'modern' welfare support systems.

Talib (2015) and Shaffie (2006) seemed to have the same observation regarding the 'silent' approach of the British Administration (BA). Shaffie found that no specific welfare model was put in place by the British for Malaya but mainly followed the British welfare ideas by accepting the role of voluntary organisation (especially for the welfare of children). According to her, the government has been taking a 'residual approach' and has remained 'minimalist in welfare provision' for the needy. Talib (2015) went on to claim that the BA only created welfare support for foreign labour because they were more valuable to the economy compared to the locals. The BA took the Malayan society for granted before the Japanese occupation, but 'wanted to redeem' it by creating the Department of Social Welfare (Shaffie, 2000). The insurgency of the socialist movement and communism, other

4 Such practices are still available in estates such as in United Plantations (UP) where a fully functional hospital has been established in 1928 and an old folk's home for the retired workers since 1967. Referred to <http://www.thestar.com.my/lifestyle/features/2013/08/26/clean-and-green-all-the-way/> and Annual Report 2016 at <http://www.unitedplantations.com/Files/PDF/Announcements/UP-Annual%20Report%202016.pdf> (p.71-77)

than the scarcity of food had force the BA to establish an agency to supervise and coordinate the welfare services (Jones, 1858 and Harper (1999).

Parallel to claims by Shaffie and Talib, Tim (2012) noted that although the Beveridge Report in 1946 was influential in forming the welfare foundation and care services in the UK, reluctance to carry it out was evident in the British Colonies, where the welfare services started mainly as war relief, instead of a development tool or a social policy. Another evidence of the reluctance of the British was the establishment of the welfare lottery system in 1952 which collected money from the locals and lottery buyers, instead of using existing resources to address welfare issues in Malaya.

On the other hand, the Department of Social Welfare Malaysia (DSWM) was created in 1946, and initially staffed by British Military and the Salvation Army. Two years later, local officers were appointed after receiving training in the UK (Jones, 1958 and Davis, et. al., 2000).⁵ This fact itself is unique because a public institution was initially supported/staffed by the voluntary sector. DSWM started with war relief programs by providing free food also known as *restoran rakyat* (people's restaurant) immediately after the Japanese left as most food sources were destroyed and prices were too high due to inflation (Jones, 1958).

In 1948, the Director General of Social Welfare (Incorporated) Act 1948 was enacted to allow the Director General of DSWM to acquire assets and act as a corporate body. The department also changed its name and was placed in different portfolios several times from DSWM to Department of Industries and Social Relations, to Department of Health and Social Welfare, before made part of the Ministry of Health and Social Welfare and other ministries including Ministry of Labour, in 1963. In 1964, DSWM stood on its own as Ministry of Welfare Services after the second national elections under the first Prime Minister, but in 1985 was lowered its status as a Ministry and reduced to a departmental status under a ministry. The DSWM has since then been a department in several ministries until now.

Welfare funding

In the same year of DSWM's establishment in 1946, the Central Welfare Council (CWC-MPKSM), a voluntary organisation was created in Selangor. It was headed by the wife of the then Selangor State Secretary. In 1950, the Board of Lottery for Social Welfare Services was established to create a quick fund to support the sudden increase of orphans, displaced women, injured/handicapped men and broken, impoverished families who fell victim to Japanese occupation, communist

⁵ Today, DSWM has over 6,000 manpower serving in the headquarters, 15 state offices, 104 district offices and other social welfare establishments and gazetted posts all over the country. The main clients of DSWM are children, women, girls, elderly, persons with disabilities (PWDs), the poor, homeless and destitute persons, victims of disaster and voluntary welfare organisations (VWOs). In 2016, another new group was added which victims are of human trafficking.

insurgency and food shortage. NGOs such as the CWC-MPKSM were one of those who has received funds from the lottery to undertake welfare services, which in their case was for managing the elderly homes. The earlier services provided by the CWC-MPKSM was two types of homes for the elderly which are *Rumah Sejahtera* (RS) and *Pondok Sejahtera* (PS). 90% of the earliest residents of RS were foreign labourers who were poor, destitute and didn't have any relatives in Malaysia when it was established in 1954, while PS catered for the needs of the old Malay men who were displaced or abandoned. The first government-run welfare institution other than juvenile related units was not created until 1952 where an old folks' home was established in Perak.

The lottery funded not only CWC-MPKSM alike services but also others related to the general wellbeing, health and youth. Not much information could be gathered about who are the earlier recipients, but for an instant, in 1954, the lottery funded the expansion of the compound of St. Nicholas School for the Blind in Penang, enabling it to be completed within three years instead of originally planned at ten years (St. Nicholas Home for the Blind, 2011) while in 1956, the lotteries ticket listed schemes amongst others the disabled, underprivileged, the blind, relief of the distressed and destitute, building of playing fields and medical treatment of tuberculosis (Figure 1). After independence in 1957, the Malaysian government maintained the lottery system until 1991 to finance welfare activities, welfare voluntary organisations and to a certain extent, rural development projects including town halls, playgrounds and *surau* in the villages that could benefit the community through the Rural Development Board, administered by the Accountant General (Parliament of Malaysia, 1962: 2622). In 1979, the then Minister of General Welfare (formerly Ministry of Health and Welfare of Malaysia), Dato' Hajjah Aishah Ghani explained in Parliament that no specific percentage or amount was allocated or earmarked for the Ministry of General Welfare but treated similarly to the other government revenue flows. Ministry of General Welfare would have to apply for the allocation as the procedures were fully managed by the Ministry of Finance through the Consolidated Fund. This then led to the formation of National Welfare Foundation (*Yayasan Kebajikan Negara- YKN*) in 1981 to cater for the timeliness to access funds especially in emergency situations (YKN, 2013). The lottery was later terminated in 1991, citing morality and religious reasons other than the confidence of the government that steady revenues due to positive economic growth can now fund the social welfare sector instead of relying on a lottery fund (Parliament of Malaysia, 1990: 3832).

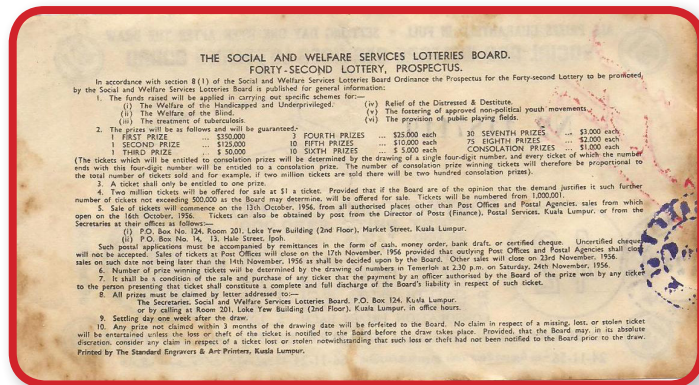


Figure 1: Front and back of the welfare lotteries board ticket, November 1956
 Source: http://711collectionstore.blogspot.jp/2010_11_01_archive.html accessed on 10 July 2016

In the Federal Constitution of Malaysia, ‘social welfare’ is a duty listed in the Concurrent List, making it a responsibility shared between the federal government and the state government, unlike for health and education where they are the duties of the federal government. Since 2002, the DSWM is a department placed under the Ministry of Women, Family and Community Development at the federal level with functions to provide social welfare services through cash assistance, social work services and counselling, home help services, community service, over 300 community-based rehabilitation centres for the persons with disabilities, 66 institutions such as old folk’s homes, orphanages, correctional schools for juveniles throughout the country, regulating child care centers, day care centers and care centers as well as overseeing laws and regulation pertaining to welfare and community development (DSWM, 2016). Figure 2 below shows that the federal government has spent about 1% of GDP between the years 1997 to 2014 for social welfare expenditure (ADB, 2015), lowest compared to the expenditure for education and health.

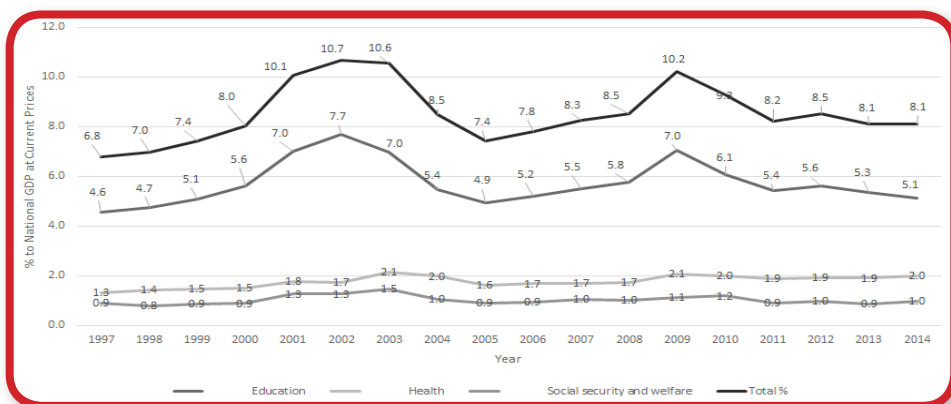


Figure 2: Malaysian federal government expenditure for education, health and social security & welfare as percentage of GDP, 1997-2014

Source: Asian Development Bank (2015), graph created by author

At the state level, each government establishes their own State Department of Social Welfare (SDSW) and District Welfare offices (PKMD), but the social workers/ officers are dispatched from the DSWM (a federal department at the headquarters) with enumeration paid by the state governments except in certain special districts. Support staffs are appointed directly and paid by state governments. The state governments also bear the operating cost of the offices including the rent and utilities (personal communications, February 2017). This to a certain degree illustrates the administrative and cost sharing relationship between the two levels of government, reflecting the spirit of the Concurrent List, in the Federal Constitution, where ‘social welfare’ is both the duty of the state and the federal government. These state departments and district offices, therefore, are accountable to two heads while managing federal budgets for federal government welfare assistance and programs as well as the state government’s general welfare programs (mainly cash base instead of services).

Service delivery capacity of the government and the voluntary sector

The number of clients or residents in the government managed welfare establishments are lower than the ones managed by the NGOs and VWOs. In 2015, DSWM managed 14 elderly homes, with the maximum capacity of 2,000 people. The total registered care centres (managed by NGOs/ VS and the private sector) for elderly are 270 with 6,083 residents. The situation is similar for the PWDs where 4,285 PWDs residents benefited from the government grant compared to a total of 5,817 in 164 care centres, not including 872 residents in 11 establishments managed by DSWM. In the same year, a total of 1,200 children/orphans resides in 15 institutions of DSWM, while VS and NGOs are managing and running orphanages/ children homes in 927 registered establishments with a total capacity of 27,441 (Ministry of Women, Family and Community Development, 2015: 86). As discussed above, the government have adopted a policy discouraging institutionalisation, especially for children and the elderly which means that there will be less building of new welfare institutions (personal communication, August 2016). The numbers above shows that the services from the VS overshadow the services currently provided

by the government. The scarcity of the services can be seen when the government institutions are spread out by region or states (as seen in Table 1). East Malaysia which consists of two states, for example, have only one old folk's home and two children's home managed by the government, not including institutions managed by the state governments.

When asked about how state and district DSWM deal with the scarcity of the public welfare institutions (PWI), both interviewees felt that although not all NGOs or welfare service organisations require government funding/support, there is opportunity for the government to partner/collaborate with them to provide more welfare services and that the VS and community should undertake more responsibilities, if the government will continue with the policy of not building more institutions. At the same time, not all VS can accept cases referred by DSWM because of the difference in policy and administration issues, which have in the past caused problems to the DSWM. It was admitted that the issue of reliability, accountability, and capacity of VS remains less understood, especially in the less established and small NGOs/NPOs. At the same time, PWI are also deemed less suitable especially for infants and young children compared to some established NGOs because of the better care giver ratio and quality of services rendered. The government is now more inclined to concentrate on governing, regulating, assisting and encouraging NGOs, philanthropist, and CSR than in managing and delivering direct welfare services to the clients (personal communication, August 2016 and February 2017).

Table 1: Institutional Services by Department of Social Welfare Malaysia by Region and Categories as at May 2016

Type of Institution	No. of Institutions	No. of Residents	Location by region				
			Northern	South	East Cost	Central	East Malaysia
Children (Below 18)							
Probation Hostel	10	157	4	2	1(Terengganu)	2 (Selangor)	1(Sarawak)
Approved Schools (<i>Sekolah Tunas Bakti</i>)	9	1,072	2	1(Melaka)	2	1 (Selangor)	3
Place of Refuge for Girls	4	133	1 (Perak)	x	x	1 (Selangor)	2
Children's Homes	15	1,220	3	5	3	2	2
Total	38	2,582	10	8	6	6	8
Persons with Disabilities (PWDs)							
Taman Sinar Harapan	7	601	2	2	1(Terengganu)	2	x
Daily Center	1	10	x	x	x	1 (Kuala Lumpur)	x
PLPP	1	97	x	x	x	1 (Selangor)	x
Shelter Workshops (<i>Bengkel Daya</i>)	2	164	1 (Kedah)	x	x	1 (Selangor)	x
Total	11	872	3	2	1	5	0
Elderly							
Desa Bina Diri	5	1,025	x	1 (Johor)	1 (Pahang)	1 (Selangor)	2
Seri Kenangan Home	10	1,671	5	3	1	1 (Selangor)	x
Ehsan Home (for bedridden)	2	221	x	x	1(Terengganu)	1 (Selangor)	x
Total	17	2,917	5	4	3	3	2
Grand Total	66	6,371	18	14	10	14	10

Source: Table created by author based on data obtained from DSWM

Looking back, against the existing and continuing welfare provisioning by the VS, the DSWM have grown, expanded and developed, with much connection, support, co-existence and reciprocity of the VS, evidenced especially at the beginning of its establishment. For example, the support from the welfare lottery to CWC-MPKSM welfare managed institutions shows that the government acknowledged the establishment of the welfare NGO services and that seem to continue and impact the growth of the welfare services, both in action and omission of the public welfare services policies. The constant movement of DSWM from a department standing on its own, then sharing portfolios with others, then being reduced to a department of being a ministry would have impacted the growth capacity of DSWM including regarding setting long-term goals, macro planning and securing budget.

Laws and regulations about the voluntary sector

There is no official definition of NGOs or NPOs in Malaysia. There is also no specific law governing these organisations such as in Japan, United Kingdom or Thailand or a body specifically looking into the matters of charity related organisations such as the British Charities Commission in the UK or the National Council of Social Services and Charities Commission in Singapore that coordinates welfare and social services related organisations. George (2002) claimed that there are too many laws in Malaysia that are related to 'welfare activities' and the term itself is too loosely used, pinpointing to the lack of a definitive oversight structure in this sector. As an example, for registration, Societies Act 1966 law prescribes the registration and categories of societies in Malaysia which include 'NGOs'; profit or non-profit divided into 13 categories (Table 2). The act is administered by the Office of the Registrar of the Societies (ROS) under the Ministry of Home Affairs. On top of that, foundations or *Yayasan* and companies limited by guarantee (CLBG) who have non-profit welfare activities are registered under the Companies Act 1967, administered by the Companies Commission Malaysia (CCM). Trusts, on the other hand, are administered under different laws which are the Trust Act 1965 and the Trustees (Incorporated) Act 1952, under the Prime Minister's Department. Additionally, there are several specific laws that establish/ incorporate organisations that have charity related activities or purposes such as the Salvation Army (Incorporation) Act 1956 and Malaysian Red Crescent (Incorporation) Act 1965. Thus, it is impossible to identify a specific number of organisations that are welfare based or welfare-oriented organisations; unless referring to number of organisations that receive tax exemption by carrying out welfare and charity related activities, under the Income Tax Act 1967, which as at June 2016 stands at 2,377 organisations⁶ registered under different laws in Malaysia. Cogswell (2002) agreed that the Income Tax Act 1967 is the focal point to determine the non-profit welfare activities are being carried out by the different types of organisations, not only those registered under the Societies Act 1966. This shows that Malaysia does not have a specific charity/ VS law, but have several laws that cover its registration, membership, governance

6 Calculated by author from the website of the Inland Revenue Board Malaysia at http://www.hasil.gov.my/bt_goindex.php?bt_kump=2&bt_skum=6&bt_posi=1&bt_unit=8&bt_sequ=1 in June 2016

structure and annual reporting. At the same time, there are ample voluntary actors who are not registered but are carrying out welfare services. In short, the voluntary sector is loose, not well regulated and governed.

4. Discussion

As DiNitto (2007) has claimed, studying the background of a country is important to understand its pattern of social welfare model. Indeed the historical trace conducted in this paper has helped to give some clarity to the background of the interaction between the government and the VS as an early step to understand the social welfare model in Malaysia. The findings from the two lines of inquiries in this paper suggest that historical implications such as the absence of welfare policy, long and deep-rooted dependence on the VS, the delayed creation of the welfare administrative unit and later, the establishment of the lottery fund may have set an adverse precedent which has impacted the approach of the government or level of intervention towards welfare services, especially institutional care and other services in Malaysia. This could be due to the fact that the informal social welfare services in Malaya provided by the VS was well established even before independence, indicating that the traditional system and voluntary institutions (which were mainly racial and faith-based), precedes the modern social welfare establishment of the government and precedes the notion that social welfare is the responsibility of the state as a public service. This connotes that welfare funding was also less dependent on the government coffer but was heavily sourced through means of voluntary donations, philanthropy and to a certain extent faith-based alms such as *zakat*.

Findings also may also suggest that existence of VS before formal statutory government services, may have resulted in indirectly creating a level of dependency of the government to the services provided by the VS. It is possible that the dominance and prominence of VS in this sector have been taken for granted and assumed to continue by the government. This also could be the factor the government has yet to resort to privatising any welfare institutions or welfare services because the VS is seen as a strong provider or actor of institutional services, voluntarily. Although there exist government created platforms such as Director General of Social Welfare (Incorporated) Sdn. Bhd. established way back in 1948 and YKN established in 1981, which could be tools for diversifying the forms of services by the government, unfortunately these platforms were never taken advantage of.

Pursuant to this, whether the social welfare expenditure has been impacted is unknown, but it has been hovering around 1% for the past 20 years (ADB, 2016). This parallels the observation of the pattern of crowding out by Torpey-Saboe (2015) in Brazil, that VS overcrowds the government services, causing the government to spend less in the particular area. However, this type of role is against the strong notion by DiNitto that welfare services to the vulnerable should be provided by the government because of the stability and equality of accessibility of services it could

ensure, compared to the uncertainty of services by the VS. All the compounded situation above seems to add support to the claim by Shaffie (2006) that the federal government has been taking a more residual role in provision of social welfare services including welfare services in Malaysia, as illustrated in this paper.

The complexity and the clutter in the laws and regulations as illustrated above pertaining to the VS and charity sector in Malaysia may also indicate few inclinations of the government. Firstly, it might point to the fact that government has yet to accept and acknowledge the general strength of the third sector due to the 'perceived' lack of capacity, capability or suspiciousness maybe caused by the lack of understanding, jealousy, difference or rift between these actors. Secondly, it may also suggest that the government is choosing to less regulate the sector to allow flexibility, innovation and ease of providing services. Thirdly, it might also suggest that since there is a substantial level of dependency by the government on the specific critical services by the VS (in this case institutional services) that the government is reluctant to invoke any hostility with the VS by over regulating them, thus focusing on cash supports and handouts.

Indeed, data shown above points that in Malaysia, the government is not the main service provider regarding welfare institutional services and welfare can be seen as often rated less priority compared to economic or infrastructure development. The specific case of the relationship of the VWOs and the government which translates mainly into only a grant dependent relationship which is not a partnership according to Peters (1998), but based on the communications with the interviewees, the dependency of the government on the voluntary services provided by the VS will continue, as the federal government is reluctant to increase public welfare institutions, as it will cause huge financial implications and the constant fear of dependence on welfare support. There is a strong realisation that the grant dependent relationship that exists cannot be assumed to be a safety net for the government to ensure VWOs will assume responsibilities for admitting clients from DWSM that needs to be institutionalised. Therefore, the implication is that the challenge of finding temporary shelter or location to place clients will continue because public welfare institutions had extremely limited capacity and scattered in locations as have been illustrated above. Also, the current grant relationship shows that there is no actual partnership relationship between the federal government and the VWOs but a purely grant dependent relationship that cannot ensure reciprocity of support from the VWOs if public welfare institutions are fully occupied or unable to admit clients. At the same time, the role of the state governments must be brought into the discussion of welfare services since social welfare is the duty of both the federal government and the state government.

Surprisingly, equitable accessibility of the vulnerable group to the services given by VS which should be a given priority, seem as a less concern of the government. This is an area to observe as it is an important aspect of public service assurance to citizens, corresponding to Sugin (2016) who cautioned; private acts should not be used to solve public issues, pinpointing that governments

must be more responsible instead of relying on the VS and its resources, parallel to arguments of DiNitto (2007). The social welfare sector in Malaysia needs more vigorous research from many different perspectives; not only from the social work field. Equitable accessibility to social welfare services and the role of the state government in social welfare are potential areas for future research. The administrative perspective of social welfare from a macro perspective for a federal state like Malaysia should also be considered for future research. The research here is only the tip of the iceberg.

5. Concluding policy recommendations

To conclude, four main proposals are presented. Firstly, the structure of the existing Malaysia's social welfare system seems not yet fully entrenched. In the past and up to now, the residual approach model might be successful, but it is probably timely for the government to reconsider it and be more interventionist in the area of institutional and care services, given that Malaysia is facing ageing population, dwindling family institutions, low birth rates and increase in homeless cases. One way to go forward is by encouraging the state governments to play a bigger role, which could be funded through state managed allocations including *zakat* and *waqf*. After all, social welfare is the duty of both the federal and the state government, thus, enabling the government to be more involved in providing institutional care in Malaysia. Secondly, if the VS is to be included as service providers, it should be because of the expertise they possess and the VS should be supported by a longer term grant support/ funding mechanism and capacity building instead of a short-term one-off scheme, such as the existing one to ensure long-term goals, sustainability of services and accountability, which is needed in welfare services especially involving care and rehabilitation.

Thirdly, the government of Malaysia should establish a council such as in the Singapore to strengthen the relationship between the government and the welfare voluntary third sector, especially in welfare services. Finally, a clear national framework for the welfare related activities especially taking into consideration of a care policy should be established so that definitions, parameters, funding mechanisms and regulations could be put in place so that the sector could be better accounted for, governed and regulated, while ensuring that vulnerable Malaysians could be better served, sustainably.

References

- Abdul Aziz, E. (2008) *State-NGOs Relationship as Partners in Poverty Reduction: A Study of Two NGOs in Malaysia*. Unpublished Masters Dissertation. International Islamic University, Kuala Lumpur.
- Antrobus, P. (1987). Funding for NGOs: Issues and options. *World Development*, 15(Supplement 1),95–102. [http://doi.org/10.1016/0305-750X\(87\)90147-1](http://doi.org/10.1016/0305-750X(87)90147-1)
- Asian Development Bank. (2015). *Key Indicators for Asia and the Pacific 2015*. Retrieved from www.adb.org/statistics
- Atan, R., Zainon, S., Aliman, S., and Abu Bakar, Z. (2013). Funding Source and Disclosure Practices of Religious Nonprofit Organizations : A Test of Interdependence Theory, *Latest Trends in Sustainable and Green Development*, 47–51.
- Bartholomew, J. (2015). *The Welfare of Nations*. London, UK: Biteback.
- Burden, T. (1998) *Social Policy and Welfare*, London: Pluto.
- Clark, J. (1995). The State, Popular Participation, and the Voluntary Sector. *World Development*, 23(4), 593-601
- Cogswell, E. (2002). Private Philanthropy in Malaysia. *Macalester International*, 12(1), 105–119.
- Department of Social Welfare Malaysia. (2016). *Department of Social Welfare Legacy across Generations, 1946-2016*. Putrajaya: Department of Social Welfare Malaysia.
- Kim, T. (2009). *State Provision via Voluntarism: The State-voluntary Welfare Mix in South Korea* (No. 2009–3). Tokyo.
- DiNitto, D.M. (2007) *Social Welfare: Politics and Public Policy*, Boston: Allyn and Bacon.
- Fernandez, A. (1987). NGOs in South Asia: People's Participation and Partnership. *World Development* 15(Supplement), 39-50.
- George, M. (2001). An Overview of Issues in Charity Litigation in Malaysia 2001. *The International Journal of Not-for-Profit Law* 4(1), retrieved at www.icnl.org/journal/vol4iss1/georgeprint.htm
- Hasnan, S., Mohamad M, Abidin, Z.Z., & Kamarudin, N. (2012).Issues, challenges and the way forward for charitable organizations in Malaysia. *IEEE Symposium on Business, Engineering and Industrial Applications Issues*, 776-780. <http://doi.org/10.1109/ISBEIA.2012.6422996>

- Hatta, Z.A. and Mat Saad, Z. (2014). Social Work in Malaysia. In Aspalter, C. (Ed.), *Social Work in East Asia*, (p.105-122) Oxon: Routledge Ashgate Publishing
- Harper, T. N. (1999). *The End of an Empire and the Making of Malaya*. Cambridge: Cambridge University Press
- Hood, C. (1991) A Public Management for All Seasons?, *Public Administration*. 69: Spring, 3-19
- Jayasooria, D. (2016). Sustainable Development Goals and social work: Opportunities and challenges for social work practice in Malaysia. *Journal of Human Rights and Social Work*, 1(1), 19-26
- Jones, K. (1958). *Social Welfare in Malaya*, Singapore: Donald Moore, Ltd.
- Kim, J. (2000). Theoretical Approach on Government-NGO Relationship: Resource Dependence Approach. *Korean Journal of Policy Studies*, 9(1)
- Kitao, S. (2015). Fiscal cost of demographic transition in Japan. *Journal of Economic Dynamics and Control*, 54, 37–58. <http://doi.org/10.1016/j.jedc.2015.02.015>
- Kornatowski, G. (2010). Partnerships and governance: Struggle, cooperation, and the role of NGOs in welfare delivery for the homeless in Hong Kong. *City, Culture and Society*, 1(3), 155–164. <http://doi.org/10.1016/j.ccs.2010.10.006>
- Lee, M. (2008). Government Influence on the Formation of NonProfits: A dual relationship between local government and local nonprofits. *International Review of Public Administration*, 13(22), 97-115. <http://doi.org/10.1080/12294659.2008.10805124>
- Mair, L.P. (1944). *Welfare in the British Colonies*. London: Oxford University Press.
- Midgley, J. (2017). *Social Welfare for Global Era: International Perspectives on Policy and Practice*. California: London: New Delhi: Singapore: Sage Publications.
- Ministry of Women, Family and Community Development. (2015). *Statistics for Women, Family and Community*, Putrajaya: Ministry of Women, Family and Community Development.
- Ministry of Women, Family and Community Development and UNDP. (2014). *Study to support the development of national policies and programmes to increase and retain women in the Malaysian labour force: Key findings and recommendations*: Putrajaya. Accessed 12 September 2016 at <http://www.my.undp.org/>
- Othman, R, Ali, N., Omar, N., and Abd Rahman R. (2012). Practical challenges in managing non-profit organizations (NPOs): Tales from two neighboring countries. *International Bulletin of Business Administration*, 13(13), 6-23

- Parliament of Malaysia. (1962) *Hansard Dewan Rakyat* (Lower House), 8 January 1962. Accessed 12 May 2017 at <http://www.parlimen.gov.my/files/hindex/pdf/dr-08011962.pdf>, 2262
- Parliament of Malaysia. (1990) *Hansard Dewan Rakyat* (Lower House), date 15 June 1990. Accessed 12 May 2017 at <http://www.parlimen.gov.my/files/hindex/pdf/dr-15061990.pdf>, 3832
- Peters, B. G. (1998). With little help from our friends: Public Private Partnerships as institutions and instruments, In J. Pierre (Eds.) *Partnerships in Urban Governance Europe and American Experience*, New York: St. Martin's Press
- Peters, B. G. and Pierre, J. (2016). Two roads to nowhere: Appraising 30 years of public administration research. *Governance*, 0(0). <http://doi.org/10.1111/gove.12229>
- Rodan, G. (2014). Civil society activism and political parties in Malaysia: differences over local representation. *Democratization*, 347(May 2015), 1-22. <http://doi.org/10.1080/13510347.2013.878331>
- Salamon, Lester M. (1995). *Partners in Public Service: Government-nonprofit relations in the modern welfare state*. Baltimore: London: John Hopkins University Press
- Seibel, W. (1990). Government/third-sector relationship in a comparative perspective: the cases of France and West Germany. *Voluntas*, 1(1), 42-60. <http://doi.org/10.1007/BF01398491>
- Shaffie, F. (2006). *British Colonial Policy on Social Welfare in Malaya: Child Welfare Services 1946-1957*. PhD. Dissertation, University of Warwick, Warwick. Retrieved from <http://go.warwick.ac.uk/wrap>
- Schmidtz, D. (1991). *The limits of government: An essay on the public goods argument*. Boulder; San Francisco; Oxford: Westview Press
- St. Nicholas School for the Blind. (2011). *Annual Report 2011*. Georgetown, Penang. St. Nicholas School for the Blind.
- Sugin, L. (2016). Rhetoric and reality in the tax law of charity. *Fordham Law Review*, 84(2413), 2607-2632.
- Talib, K. A. (2016). Social Welfare in Malaysia: Provision and Limitation. In Y. Wang, S. Beatrix, K.-R. Ursula, & S.L. Alexandra (Eds.), *Transnational Social Work and Social Welfare: Challenges for Social Work* (p.100-108). Abingdon, Oxon; New York, NY: Routledge.
- Tandon, R. (1987). The Relationship between NGOs and government. Mimeo paper presented to the Conference on the Promotion of Autonomous Development, New Delhi.

- Tim, H.C. (2012). The origins of social welfare in colonial Singapore. *Paper presented at the 7th Asian Graduate Forum on Southeast Asian Studies, National University of Singapore, 16-20th July 2012 (Unpublished)*
- Torpey-Saboe, N. (2015). Does NGO presence decrease government spending? A look at municipal spending on social services in Brazil. *World Development, 74, 479-488*. <http://dx.doi.org/10.1016/j.worlddev.2015.06001>
- Ullman, C.A. (1998). *The welfare state's other crisis: Explaining the new partnership between Non-profit organisations and the state of France*, Indiana: Indiana State University Press
- Yayasan Kebajikan Negara. (2013). *Help, hope and heroes: How YKN supports the Malaysian spirit of giving*. Putrajaya: Yayasan Kebajikan Negara.