

# Developing a Contextualized Governance Framework for Orphanages in Malaysia: A Conceptual Paper

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## Abstract

This study examines the governance of orphanages in Malaysia, particularly those serving children who are orphaned and from underprivileged backgrounds. Governance in institutional care has become a critical concern globally, and this study addresses the relevance of a context-sensitive model for improving care standards in Malaysia. The main objective is to develop a comprehensive governance framework tailored to the Malaysian context. This conceptual study adopts a qualitative design using literature analysis and theory synthesis. The proposed framework is informed by stewardship theory, institutional theory, and the rights-based approach to child protection. It includes four core governance dimensions: strategic leadership, financial and religious accountability, child safeguarding, and stakeholder engagement. The study identifies significant governance gaps in Malaysian orphanages, particularly in board structure, financial transparency, and regulatory compliance. It introduces a governance model that addresses these weaknesses while aligning with local cultural and religious values. The findings contribute a novel framework with both local and international relevance. The study recommends that future research validate the model through empirical testing and that policymakers consider its adoption as a national governance benchmark to improve institutional outcomes for vulnerable children.

**Keywords:** Governance, Orphaned Children, Orphanages

## Introduction

The governance of institutional child care has become a matter of global urgency, as poor oversight in orphanages is increasingly linked to long-term developmental harm. According to UNICEF, an estimated 5.4 million children worldwide are living in institutional settings, with the majority concentrated in low and middle-income countries (UNICEF, 2020). Research consistently shows that inadequate governance, including lack of accountability, inconsistent safeguarding policies, and absence of regulatory enforcement, contributes to emotional neglect, cognitive delays, and lifelong trauma (Desmond et al., 2020; The Lancet Commission, 2020; Shawar and Shiffman, 2023). The global shift toward deinstitutionalization reflects the

need for strong and rights-based governance structures, particularly in countries where residential care remains a central approach to child protection.

In the Southeast Asian context, and specifically in Malaysia, orphanages continue to play a pivotal role in supporting vulnerable children identified as orphans and underprivileged backgrounds. As of 2023, the Malaysian Department of Social Welfare (JKM) reported more than 1,400 registered children's homes, although many more operate outside the formal regulatory system under the Care Centres Act 1993 (JKM, 2023). A mapping study conducted in Terengganu found that only 52 percent of institutional homes were formally registered, while the remainder functioned independently, often under religious or community funding, and without standardized reporting or child protection protocols (Azlini et al., 2021). These conditions raise critical concerns regarding the consistency and safety of care, especially in unregulated settings where children may be exposed to poor hygiene, inadequate education, or emotional instability.

This study is significant at both the national and international levels. While some countries have adopted comprehensive governance standards for institutional care, few models have addressed the unique interplay between legal, cultural, and religious dimensions that exist in Malaysia. The proposed framework integrates international best practices, local statutory requirements, and Islamic principles such as zakat and waqf accountability to ensure financial transparency, strategic leadership, effective safeguarding, and inclusive stakeholder engagement. In doing so, the study contributes a contextually relevant model that may inform orphanage governance reform in other Muslim-majority or middle income nations.

The primary aim of this study is to develop a comprehensive governance framework for Malaysian orphanages that serve anak yatim and miskin, drawing on international standards, national regulations, and Islamic ethical values to promote institutional credibility, operational transparency, and the holistic well-being of children in care.

### **Literature Reviews**

International frameworks, including the United Nations Guidelines for the Alternative Care of Children, emphasize that institutional care should be utilized only as a last resort and should be managed through transparent, accountable, and participatory governance mechanisms (United Nations General Assembly, 2009; Desmond et al., 2020). Despite the clarity of these recommendations, actual governance practices in many regions remain inconsistent and underdeveloped. Shawar and Shiffman (2023) argue that fragmented national policies, combined with insufficient stakeholder engagement, present ongoing barriers to the protection and development of vulnerable children. Desmond et al. (2020) report that most privately operated care institutions lack the necessary procedures for financial governance, board oversight, and developmental monitoring.

Over 60% of surveyed institutions failed to undergo external audits, and nearly half had not conducted performance evaluations. Kartikawati et al. (2025) confirm that accredited institutions demonstrate stronger hygiene, nutrition, mental health service delivery, and operational consistency. Conversely, the Lancet Commission (2020) documents significant delays in physical growth, cognitive development, and socio-emotional functioning among children in under-regulated care environments. Johnson and Gunnar (2021) further associate

poor governance with heightened exposure to emotional trauma and behavioral disorders. Hodel et al. (2021) report long-term neural development disruptions among children exposed to prolonged institutional deprivation. Nelson, Fox, and Zeanah (2014) conclude that cognitive recovery is only feasible when consistent caregiving is supported by structured governance. Rissman et al. (2022) demonstrate that institutions implementing safeguarding protocols and supervisory practices show lower levels of psychological maltreatment. Cova et al. (2021) also emphasize the relationship between stable governance environments and the quality of institutional care.

#### *Malaysian Legal and Institutional Context*

Malaysia's regulatory framework for institutional care is governed by the Child Act 2001 and the Care Centres Act 1993. These laws outline key requirements for registration, monitoring, and service standards, with enforcement led by the Department of Social Welfare (JKM). However, in practice, implementation remains fragmented and uneven. Azlini et al. (2021) find that a substantial number of homes operate informally, without formal registration or adherence to minimum governance procedures. According to JKM (2023), many such homes receive community or religious support, yet remain unregistered and unmonitored, creating disparities in child protection practices.

Empirical research highlights the consequences of these governance inconsistencies. Nurul Nadiah Ahmad and Mohamed (2022) observe that children in unregulated homes exhibit reduced emotional resilience and limited coping strategies. Sadho (2023) identifies deficits in hygiene, learning resources, and caregiver training in homes operating outside the legal framework. Public Welfare Malaysia (2024) reports variation in enforcement and compliance across different regions, particularly in rural areas. Rahman et al. (2023) argue that poor inter-agency coordination further undermines regulatory enforcement and institutional accountability.

#### *Governance Structures and Board Accountability*

Institutional resilience is closely linked to the presence of well-defined governance structures and active board participation. Abdul Rahman and Goddard (2013) report that many orphanages in Malaysia are directed by founders who make unilateral decisions without oversight from an independent board. That such institutions often lack governance charters, succession planning, and scheduled board meetings, resulting in weak strategic direction and diminished accountability.

International literature supports the view that effective boards, which include diverse expertise and follow formal evaluation procedures, lead to improved institutional integrity. The boards with legal, financial, and child welfare representation foster ethical compliance, transparency, and donor trust. The organizations aligned with the Malaysian Code of Institutional Governance experience higher resilience, improved fundraising performance, and better internal decision-making.

#### *Financial Transparency and Islamic Accountability*

In Malaysia, many orphanages rely on Islamic social finance instruments such as zakat, waqf, and sadaqah. These funding sources carry both religious and fiduciary obligations. Haji Othman et al. (2022) stress the importance of adhering to Islamic principles such as amanah

(trust), shura (consultation), and maslahah (public interest) in financial governance. Despite this, Abdul Rahman and Goddard (2013) and Coptic Orphans (2022) note that many institutions fail to produce audited financial reports or maintain transparent donation records.

To address these gaps, Othman and Muhammed (2022) and Razak and Dawami (2019) propose governance frameworks that merge religious principles with standard accounting procedures. Ahmad et al. (2023) report that homes that provide regular zakat expenditure reports and follow clear financial controls enjoy increased donor confidence and operational stability.

#### *Child Welfare Outcomes and Governance Linkages*

Strong governance plays a critical role in ensuring the psychological and developmental well-being of institutionalized children. The Lancet Commission (2020) links disorganized caregiving environments with emotional instability, learning difficulties, and developmental regression. Children in well-managed homes with stable caregivers and clear routines display higher emotional intelligence and stronger self-esteem. Similar findings by Sadho (2023) indicate that institutional environments with trained staff and structured supervision promote better behavioral outcomes.

Brown and Jones (2021) and Browne (2021) underscore the importance of trauma-informed governance, where policies address not only administrative efficiency but also emotional needs. They further demonstrate that integrating mentorship and structured child participation into institutional governance improves life skills, self-efficacy, and attachment security.

#### *Multi-Stakeholder and Collaborative Governance Models*

Collaborative governance that includes the voices of donors, government agencies, community representatives, and children has been shown to strengthen transparency, service delivery, and legitimacy. Kartikawati et al. (2025) report that institutions with inclusive decision-making bodies perform better in areas such as hygiene, education, and social support. Kwasi et al. (2023) highlight that stakeholder-aligned goals lead to stronger institutional credibility and more responsive services. UNICEF's Systems Effectiveness Project (2021) affirms that multi-stakeholder platforms are essential in establishing effective child care systems.

However, in the Malaysian context, multi-stakeholder engagement remains limited. Public Welfare Malaysia (2024) and Rahman et al. (2023) note that most orphanages do not have advisory boards or formal engagement processes with donors or children. The lack of structured stakeholder involvement contributes to weak external oversight and internal inefficiencies.

#### *Gaps in Literature and Justification for a Contextualized Governance Model*

Despite growing academic interest in the governance of care institutions, Malaysia lacks a comprehensive framework that integrates statutory obligations, Islamic values, stakeholder engagement, and child-centered care outcomes. Most existing studies address individual governance dimensions in isolation, such as legal compliance (Azlini et al., 2021), financial

management (Abdul Rahman and Goddard, 2013), or psychosocial outcomes (Dagang et al., 2022). However, few efforts have been made to synthesize these dimensions into a single, operational governance model suitable for local application.

The absence of nationally defined benchmarks and coordinated oversight mechanisms further limits the capacity of institutions to adopt best practices. This study responds to these gaps by proposing a governance framework tailored to the needs of Malaysian orphanages. The model integrates international governance principles, Islamic financial ethics, participatory decision-making, and measurable child protection outcomes, creating a holistic approach to institutional excellence.

### Conceptual Framework

The conceptual framework for this study is developed in response to the multidimensional governance challenges facing orphanages in Malaysia. Drawing from both international guidelines and local institutional realities, this framework integrates four primary domains of governance: strategic leadership, financial accountability, child safeguarding, and stakeholder engagement. These domains are informed by existing scholarship (Abdul Rahman & Goddard, 2013; Desmond et al., 2020; Shawar & Shiffman, 2023), and adapted to the specific socio-religious context of orphanages in Malaysia.

The framework is underpinned by three theoretical lenses:

1. **Stewardship Theory**, which posits that leaders are intrinsically motivated to act in the best interests of the institution and its beneficiaries. This theory is particularly relevant in the context of nonprofit and faith-based organizations, where moral commitment often supersedes financial incentives.
2. **Institutional Theory**, which explains how organizations conform to regulatory, normative, and cultural expectations to gain legitimacy. In the Malaysian orphanage setting, institutional behavior is shaped by legal mandates (e.g., Child Act 2001), religious norms (e.g., Islamic principles on zakat and amanah), and social expectations of trust and care.
3. **Rights-Based Approach to Child Protection**, which emphasizes that governance structures must ensure the realization of children's rights to safety, participation, and development. This approach aligns with the UN Convention on the Rights of the Child and the Sustainable Development Goals, particularly SDG 16 (peace, justice, and strong institutions).

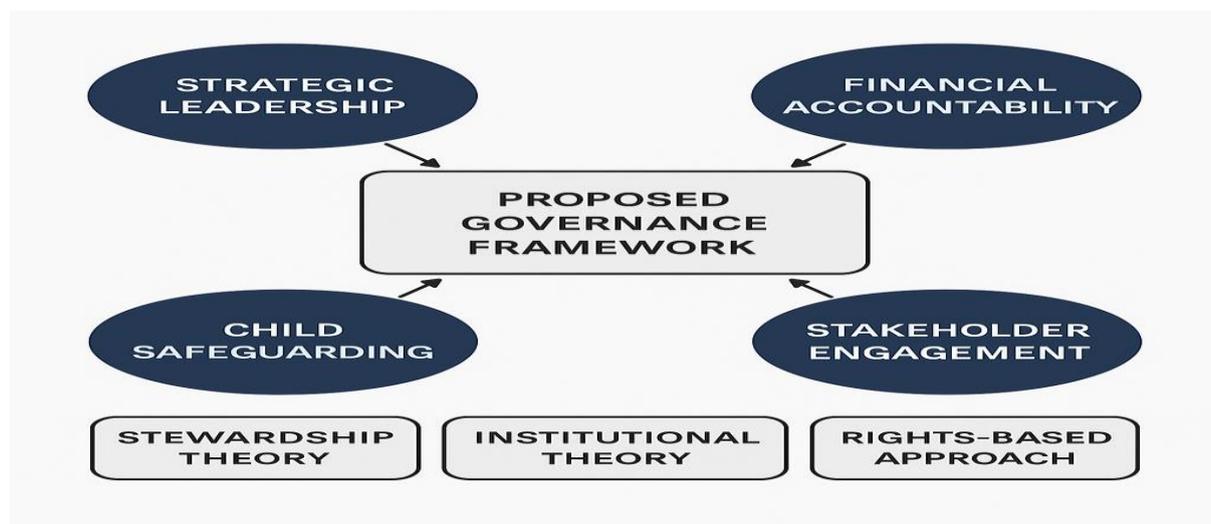


Diagram 1: Proposed Conceptual framework

### Conclusion

This study addressed the objective of developing a contextualized governance framework for Malaysian orphanages housing. By integrating international child welfare standards, Islamic financial ethics, local legal provisions, and operational realities, the study introduced a four-dimensional governance model focused on strategic leadership, financial and religious accountability, child safeguarding, and stakeholder engagement. This framework responds to the pressing need for structured, rights-based governance that not only ensures regulatory compliance but also enhances institutional performance and protects the well-being of children. The study contributes novel insight by embedding religious accountability and localized policy structures into a comprehensive model, positioning Malaysia as a reference point for governance in faith-based institutional care within the Global South.

The proposed framework carries both local and global implications. Locally, it provides a scalable and adaptable governance guide for state-run, NGO-managed, and religious-based orphanages, particularly in addressing disparities between registered and unregistered homes. Globally, it offers a template for other Muslim-majority countries facing similar governance and ethical complexities. Its novelty lies in bridging governance theory, child rights, and Islamic social finance, thereby contributing to a more culturally resonant body of knowledge in institutional governance studies.

Despite its contributions, this study is conceptual and based on secondary data, with limitations including the absence of empirical validation, exclusion of lived experiences of children and caregivers, and limited insight into governance practices in unregistered institutions. Future research should empirically test this framework across various institutional types and geographic regions using qualitative and mixed-method approaches. Further studies could also explore the perspectives of children and staff, and assess the impact of governance quality on child development outcomes. It is recommended that policymakers establish national governance benchmarks and invest in capacity-building programs to professionalize board roles and safeguarding practices. These efforts are crucial to transforming institutional care into a safe, transparent, and developmentally supportive environment for every child.

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