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Financial Resilience in a Low-Resource Context: An Action Research Study on a Malaysian Children's Home

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Abstract
This study addresses the critical challenge of financial instability in a Malaysian children's home, Pusat Jagaan KK, which heavily relies on founder funding and sporadic donations. We employed a qualitative action research design, guided by Resource Dependency and Social Capital theories, to develop and implement a sustainable funding framework. The research was conducted in two cycles: one focused on a structured social media strategy and a second on cultivating corporate sponsorships. Findings from the first cycle show a significant increase in public visibility and a broadened donor base through digital storytelling. The second cycle resulted in securing stable, monthly corporate sponsorships, though it highlighted the critical importance of consistent, personalized relationship management. The study demonstrates that a targeted, iterative approach can successfully shift a small non-profit from a state of deep resource dependency to a more diversified and resilient funding model. It provides a practical roadmap for similar organizations to leverage digital outreach and strategic relationship building to achieve long-term sustainability. Theoretically, the research offers a granular, real-world validation of how Resource Dependency and Social Capital theories can inform and drive positive organizational change.
Keywords: Non- Profit sustainability, Children’s Home, Action Research, Malaysia

Introduction

Children's homes (Pusat Jagaan Kanak-Kanak)—also known as residential care facilities or orphanages—play a vital role globally and regionally in providing shelter, care, and support to vulnerable children, including orphans, abandoned children, and those separated from their families due to conflict, poverty, or abuse. Across the globe, these institutions are often the last safety net for children who lack access to family-based care.

However, children’s homes frequently face significant financial challenges. Many rely heavily on inconsistent donations from individuals, religious groups, or non-governmental organizations (NGOs), with limited or no sustained government funding. This makes it difficult to plan long-term, maintain facilities, or invest in staff training and child development programs. In low- and middle-income countries, the financial strain is even more pronounced, often resulting in overcrowding, under-resourced services, and inadequate access to healthcare, education, and psychosocial support. These financial constraints can ultimately affect the quality of care provided, potentially compromising the well-being and future of the children they serve.

Pusat Jagaan KK, a children's home in Malaysia, exemplifies these challenges. The orphanage heavily relies on the founder's personal funds, leading to significant financial instability, limited growth potential, and difficulty in consistently meeting the essential needs of the children under its care. This predicament is further exacerbated by broader economic instability, inflation, and the inherent uncertainty of donor contributions. Addressing these financial vulnerabilities is crucial for ensuring the long-term sustainability and quality of care provided by such institutions.

The specific knowledge gap that this qualitative case study fills lies in the context-specific understanding of the financial sustainability strategies of children's homes in under-resourced settings, particularly in regions where government support is minimal and dependency on external donors is high. While existing literature has explored institutional care and general challenges in child welfare, few studies have delved into the adaptive financial practices, community-based fundraising models, or innovative resource management strategies employed by these homes to survive and sustain operations. This study is unique and necessary because it takes a grounded, real-world approach by directly engaging with the experiences of administrators and caregivers in a selected children's home. Rather than offering broad policy recommendations or donor-driven perspectives, it seeks to capture the lived realities, informal coping mechanisms, and locally-driven innovations that are often overlooked in formal reports.

Against this backdrop, this study seeks to answer the following research questions:
- RQ1: What are Pusat Jagaan KK's main challenges in providing for the children's needs?
- RQ2: What new funding strategies can help Pusat Jagaan KK become financially independent in the long term?
- RQ3: How can a comprehensive sustainable funding framework be recommended for Pusat Jagaan KK?

This study holds significant importance as it addresses a critical social need by exploring how children's homes cope with financial challenges, thereby supporting efforts to ensure consistent care, safety, and development opportunities for vulnerable children. The findings provide practical implications that can help administrators, donors, and social welfare organizations design more effective, realistic, and sustainable financial models for children's care institutions. Academically, it contributes to literature by offering empirical, qualitative insights into the financial sustainability of children's homes, a topic often understudied in development and social work literature. Furthermore, it influences policy and practice, as policymakers and NGOs can use the findings to support and scale grassroots innovations and better tailor funding models to fit the operational realities of care institutions. By documenting the experiences and strategies of those directly managing children's homes, the study also empowers local voices, promoting more inclusive and grounded approaches to child welfare.

Literature Review

This section provides a comprehensive review of existing literature relevant to sustainable funding for non-profit organizations, with a specific focus on children's homes. It delves into common funding models, theoretical frameworks underpinning organizational resource acquisition, and the evolving role of digital platforms in fundraising. This review aims to contextualize the financial challenges faced by children's homes and highlight the theoretical lens through which this study examines strategies for enhanced financial independence.

Sustainable Funding for Non-Profit Organizations

Non-profit organizations, including children's homes, operate within complex financial landscapes, often balancing mission-driven objectives with the imperative of financial viability. Sustainable funding, in this context, refers to the ability of an organization to secure and manage diverse financial resources consistently over the long term, ensuring the continuity and growth of its programs and services (Salamon, 1999). Many children's homes globally face inherent financial instability due to their reliance on unpredictable external funding sources (Pfeffer & Salancik, 1978).

Common funding models observed in the non-profit sector include:

- Donor-Based Funding: This traditional model relies heavily on contributions from individuals, philanthropists, religious institutions, and international aid organizations. While often a primary source, its inconsistency can pose significant challenges for long-term planning.
- Government Grants: Access to local or national public funds can provide substantial support, but often comes with stringent conditions, bureaucratic hurdles, and competitive application processes.
- Social Enterprise Initiatives: A growing trend involves non-profits generating their own income through small-scale businesses or services (e.g., agriculture, handicrafts, vocational training programs). This model offers greater autonomy and diversified revenue streams.
- Corporate Sponsorships/Corporate Social Responsibility (CSR): Partnerships with private companies, where businesses contribute financially or in-kind as part of their CSR initiatives, can provide significant and often more stable funding. These relationships often extend beyond mere donations to include strategic collaborations.
- Community-Based Contributions: Support from local communities, through events, tithes, in-kind donations, or volunteer efforts, forms a crucial, often overlooked, layer of sustainability, fostering a sense of shared responsibility.

The challenge for many children's homes, particularly in under-resourced settings, lies in moving beyond a sole reliance on donor-based funding towards a diversified portfolio that incorporates elements from these various models.

Theoretical Frameworks

This study is primarily guided by two complementary theoretical frameworks: Resource Dependency Theory and Social Capital Theory. These theories provide a robust lens for understanding how children's homes acquire and leverage resources to ensure their survival and growth.

Resource Dependency Theory (RDT)

Resource Dependency Theory (Pfeffer & Salancik, 1978) posits that organizations are not self-sufficient but are dependent on external resources (e.g., funding, manpower, materials) from their environment. Consequently, organizational behavior is significantly shaped by efforts to manage and reduce this dependency, particularly on critical or unpredictable resources. Organizations strive to gain control over essential resources or to reduce their vulnerability to external fluctuations.

RDT is highly applicable to children's homes, which often operate with limited internal resources and are therefore highly reliant on unpredictable external funding. This study explores how these institutions:

- Diversify their funding sources to mitigate risks associated with over-reliance on a single donor or type of funding, thereby reducing vulnerability.
- Develop strategic relationships with various donors, partners, and stakeholders to secure consistent resource flows.
- Adapt organizational practices to cope with external constraints and ensure the continuous provision of care despite financial uncertainties. The theory helps explain the strategic choices organizations make to secure essential resources and enhance their autonomy.

Social Capital Theory

Social capital refers to the networks, relationships, trust, and norms of reciprocity that enable individuals and organizations to work together effectively (Bourdieu, 1986; Putnam, 1995). It emphasizes the value embedded in social connections and how these connections can be mobilized to achieve collective goals, including resource acquisition. Social capital can manifest as "bonding capital" (strong ties within a community or group) and "bridging capital" (weaker ties connecting different groups or external entities).

This study examines how children's homes:

- Leverage community relationships and social networks to attract support, volunteers, and in-kind donations.
- Build trust and cultivate goodwill with donors, volunteers, and the wider public, which is crucial for sustained engagement and financial contributions.
- Utilize both bonding capital (e.g., strong ties with local community members and long-term supporters) and bridging capital (e.g., establishing new partnerships with corporations or broader online audiences) for effective resource mobilization. Social Capital Theory helps explain how intangible assets like relationships and trust translate into tangible financial and material support for non-profit organizations.

Digital Fundraising and Social Media

The advent of digital technologies and social media platforms has profoundly transformed fundraising strategies for non-profit organizations. These platforms offer unprecedented opportunities for outreach, engagement, and resource mobilization, particularly for organizations with limited traditional marketing budgets.

Current trends in digital fundraising include:

- Crowdfunding Platforms (e.g., GoFundMe, LaunchGood): These platforms allow organizations to raise funds for urgent needs, specific projects, or general operational costs by soliciting small contributions from a large number of individuals.
- Social Media Campaigns (e.g., Facebook, Instagram, TikTok): Non-profits increasingly use these platforms for storytelling, raising awareness, engaging with supporters, and directly soliciting donations. Visual content, live streams, and interactive features are key.
- Peer-to-Peer Fundraising: This model empowers individual supporters to raise funds on behalf of an organization by leveraging their personal networks, often through online campaigns or challenges.
- Online Giving Days: Participation in global or local coordinated giving events (e.g., Giving Tuesday) can significantly amplify fundraising efforts within a short period.
  Children's homes, like many non-profits, increasingly use digital platforms to:
- Tell emotionally compelling stories about the children and their impact, fostering empathy and encouraging donations.
- Reach global audiences with relatively low cost, transcending geographical limitations of traditional fundraising.
- Build donor loyalty through regular updates on activities, impact, and transparent use of funds. However, the adoption and effectiveness of digital fundraising can be limited by factors such as the digital divide, lack of digital literacy among staff, and inconsistent internet access in some regions.

Previous Case Studies and Empirical Research

Empirical research specifically on the long-term financial sustainability of individual children's homes, particularly in under-resourced settings, remains a niche area. However, several studies offer valuable insights into the broader challenges and strategies employed by non-profits and child welfare organizations:

Studies on general non-profit financial sustainability often highlight the importance of diversifying funding sources and building strong donor relationships as essential for financial resilience (Montoya & Orrego, 2023; Rahman et al., 2023; Parente et al., 2023). These provide a foundational understanding against which the practical application in a specific case can be compared. For instance, Love (2018), in a qualitative study on non-profit fundraising strategies, found that leaders with transformative attributes and a strong connection to their mission significantly drive fundraising success by influencing donor relationships. This underscores the critical role of leadership and relational approaches, which aligns with the emphasis on strategic relationships in this study.

Research into the financial practices and accountability of orphanages has also been conducted. For example, Ishak (2012) examined the accounting record practices of orphanages in Malaysia, revealing the importance of proper financial records for accountability and donor trust, while also noting challenges in reporting standards. This highlights a foundational operational aspect critical for securing and maintaining donor confidence, which directly impacts an organization's ability to attract sustainable funding.

Furthermore, empirical work on donor-funded projects in orphanages has shed light on factors affecting sustainability. A study on orphanage homes in Lusaka (e.g., *An Evaluation of* *the Factors Affecting Sustainability of Donor Funded Projects: Experiences from Orphanage Homes in Lusaka*) identified gaps in preparing projects for long-term sustainability and emphasized the significance of stakeholder engagement and the implementation of income-generating activities (like farming) as crucial for enhancing resilience. This provides a direct parallel to the challenges and potential solutions explored in the current study, particularly regarding the role of diversified income streams and community involvement. ESG frameworks are increasingly integrated into governance and reporting in social care organizations, promoting transparency and stakeholder trust (Kassens-Noor et al., 2023; Bradford, 2017; Frolova et al., 2023). Recent research highlights that nonprofits adopting hybrid financial models combining mission focus with revenue generation improve sustainability (Arvidsson & Dumay, 2023; Santos et al., 2023; Toma & Narula, 2023).

The impact of external shocks on non-profit funding has also been empirically documented. For instance, research on the COVID-19 pandemic's effect on NGOs and orphanages in regions like Syria and Iraq (e.g., *Orphans in Syria and Iraq Juggling Balls: Wars, COVID-19, and the NGO's financial crisis*) illustrates how such crises can severely degrade financial situations, underscoring the inherent fragility of many funding models and the urgent need for robust, adaptive strategies.

While these studies contribute significantly to understanding non-profit funding, there remains a need for detailed, context-specific qualitative case studies that explore the adaptive financial practices and innovative resource management strategies employed by individual children's homes in under-resourced settings, particularly those relying heavily on community and individual support. This study aims to fill that gap by providing an in-depth analysis of Pusat Jagaan Kanak-Kanak Sharon.

Methodology

This study employed a qualitative action research design to investigate and address the financial sustainability challenges of a single children's home. This methodology was chosen for its iterative, cyclical nature, which is particularly suited to real-world problems where the goal is to not only understand an issue but also to actively facilitate change and evaluate the outcomes. The research was conducted in two primary cycles of planning, action, observation, and reflection, in close collaboration with the organization’s key stakeholders.

Research Design: Qualitative Action Research

The study adopted a qualitative case study approach embedded within an action research framework (Lewin, 1946; Reason & Bradbury, 2008). This design allowed the researcher to work directly with the subjects of the study—the administrators of Pusat Jagaan KK—to identify a problem, implement strategic interventions, and then evaluate their effectiveness in real time. The cyclical nature of action research ensured that the interventions were flexible and could be adapted based on continuous feedback and reflection. The qualitative nature of the research enabled the collection of rich, in-depth data on the lived experiences, perceptions, and strategic choices of the participants.

Case Study Context

The research focused on a single case: Pusat Jagaan KK, a children's home located in Malaysia. Established over a decade ago, the home provides shelter, care, and educational support to over 30 vulnerable children. Historically, the home has relied heavily on the personal funds of its founder, supplemented by inconsistent public donations. This financial model has led to significant operational challenges, including a lack of long-term planning, limited capacity for growth, and vulnerability to economic fluctuations, making it a critical case for an in-depth study on financial sustainability.

Theoretical Framework

The study was guided by two key theoretical frameworks:

- **Resource Dependency Theory (RDT):** This theory was used to analyze the home's reliance on external resources and to understand the strategic actions taken to mitigate this dependency. The interventions were designed to diversify funding sources and reduce the home's vulnerability to any single donor.
- **Social Capital Theory:** This framework provided the lens through which to examine how the home leveraged its existing social networks (bonding capital) and built new relationships (bridging capital) to mobilize resources. It was particularly relevant to understanding the effectiveness of community engagement and corporate partnerships.

Participants and Sampling

A purposeful sampling strategy was employed to select participants who possessed the most in-depth knowledge and experience regarding the home's operations and financial challenges. The participants included:

- The Founder/Owner of Pusat Jagaan KK, who provided a comprehensive historical and financial perspective.
- Two Administrative Staff Members, who offered insights into the day-to-day operational and fundraising activities.
- Two Long-Term Volunteers, who provided a unique perspective on community engagement and the home's public perception. This small, focused sample size was appropriate for the qualitative case study design, allowing for deep, rich data collection from key informants.

Data Collection Methods

Multiple data collection methods were used to ensure triangulation and enhance the credibility of the findings. These methods included:

- Semi-Structured Interviews: A total of four in-depth interviews were conducted (one pre-intervention, one post-Cycle 1, and two post-Cycle 2). An interview guide was developed to explore participants' perceptions of financial challenges, their experiences with the interventions, and their reflections on the outcomes. All interviews were audio-recorded with consent and transcribed verbatim.
- Document Analysis: The researcher analyzed existing documents, including the home’s financial statements, social media posts and analytics, and sponsorship letters. This provided a baseline understanding of the home’s financial situation and public engagement prior to the interventions.
- Non-Participant Observation: The researcher observed the implementation of the new strategies, particularly in how social media content was created and how interactions with potential corporate sponsors were managed. This provided contextual data on the practical application of the interventions.

Interventions (Action Cycles)

The action research was conducted in two distinct cycles of intervention:

- Cycle One: Enhancing Social Media Strategy: The primary goal was to enhance the home's digital presence to attract new donors and build a wider online community. This involved a collaborative effort to develop a content calendar focused on emotional storytelling, regular updates on the children's well-being, and a targeted online crowdfunding campaign.
- Cycle Two: Developing Corporate Sponsorships and Emotional Storytelling: This cycle focused on securing larger, more stable funding. The intervention involved developing a professional sponsorship proposal, identifying potential local corporate partners, and refining the storytelling approach to highlight the long-term impact of a partnership on the children's lives.

Data Analysis

The transcribed interviews and observational notes, along with the collected documents, were subjected to a thematic analysis process (Braun & Clarke, 2006). The steps involved:

1. Familiarization: Reading and re-reading the transcripts and notes to gain a deep understanding of the data.
2. Initial Coding: Generating initial codes by highlighting key phrases, concepts, and ideas.
3. Theme Identification: Grouping the codes into broader, more meaningful themes related to challenges, strategies, and outcomes.
4. Review and Refinement: Reviewing the themes against the entire dataset to ensure they accurately represent the data.
5. Validation: Presenting the themes and findings back to the participants for their feedback (member-checking) to ensure the interpretation was credible.

This process was conducted both before the interventions to establish a baseline and after each cycle to evaluate the impact of the implemented strategies.

Ethical Considerations

The research was conducted in accordance with standard ethical guidelines. All participants provided informed consent, and their participation was voluntary. Confidentiality and anonymity were maintained throughout the study, and all names and identifying details of the participants and the home were changed to protect their privacy. The data was stored securely and was only accessible to the researcher.

Trustworthiness and Rigour

The rigour of this qualitative study was ensured through the following measures:

- Credibility: Achieved through triangulation of data (interviews, documents, observation) and member-checking, where the findings were validated by the participants themselves.
- Transferability: The rich, detailed description of the case study context and the interventions provides readers with enough information to judge the applicability of the findings to other similar settings.
- Dependability: An audit trail of the entire research process, from data collection to analysis, was maintained to allow an external reviewer to follow the study's procedures.
- Confirmability: By systematically grounding the themes in the raw data, the researcher minimized personal bias and ensured that the interpretations were derived directly from the participants' accounts.

Findings

This section presents the findings of the action research, structured around the pre-intervention state and the outcomes of the two action cycles. The findings are based on a thematic analysis of interviews with key stakeholders and a review of the organization's documents, including social media analytics and sponsorship requests.

Pre-Intervention: Initial Financial Challenges

Prior to the research intervention, Pusat Jagaan KK faced significant financial instability and operational challenges, primarily stemming from its un-diversified funding model. The key findings from the pre-intervention interviews and document analysis were:

- Founder-Centric Funding: The home was heavily reliant on the personal financial contributions of its founder, Mr. K. This was an unsustainable model that put the home's financial stability in serious jeopardy.
- Sporadic and Limited Donations: Support from external donors was infrequent, often occurring only once a month. The home struggled with a small and inconsistent donor base, making it difficult to plan for long-term needs.
- Lack of Community Engagement: There was minimal consistent engagement with the local community, which limited the potential for fundraising, volunteer recruitment, and in-kind donations.
- Absence of a Digital Strategy: The home lacked a structured social media strategy to increase its public visibility and attract a wider audience of potential supporters. This was a critical gap given the potential of digital platforms for outreach and fundraising.

These initial findings highlighted a clear need for a more robust, diversified, and strategic approach to fundraising, which became the foundation for the action research interventions.

Cycle One Findings: Social Media Interventions

The first action cycle focused on enhancing the home’s digital presence through a structured social media strategy. The post-intervention analysis revealed a significant positive impact:

- Increased Visibility and Donor Engagement: The implementation of the social media marketing campaign, which centered on storytelling, showcasing the children's talents, and highlighting their basic needs, led to a dramatic increase in the home's visibility.
- Impressive Digital Metrics: The impact was particularly evident on platforms like TikTok. A review of social media analytics showed that the number of "Likes" surged from 10,148 in September to an impressive 157,750 in November. Similarly, "Views" saw a dramatic increase from 66,461 to 449,931 over the same period.
- Expansion of the Donor Base: The social media outreach was effective in attracting new donors who were previously unaware of the home's mission. This helped to alleviate the home's heavy reliance on its original small pool of contributors.

However, a key limitation of this cycle was the sustainability of these new connections. While the intervention successfully increased the number of one-time donations, the home still faced challenges in converting these new supporters into long-term, institutional partners. This finding informed the planning for the second action cycle.

Cycle Two Findings: Corporate Sponsorship & Emotional Storytelling

The second action cycle aimed to address the need for larger, more stable funding by developing strategies for corporate sponsorships. The findings revealed both successes and new challenges:

- Secured Sponsorships: The home successfully secured several monthly commitments from local corporate partners. This was a direct result of developing a professional sponsorship proposal and refining the storytelling approach to highlight the long-term impact of a partnership.
- The High Cost of Follow-Up: A significant challenge identified was the low response rate to initial sponsorship requests. The fieldwork indicated that transitioning from initial outreach to a committed partnership requires consistent, personalized engagement. The process involved building trust over time and a deep understanding of a corporation's internal priorities and decision-making processes.
- The Need for a Multi-Channel Approach: The challenges encountered, such as non-responses and delayed decision-making, underscored the need for a diversified outreach model that goes beyond digital communication. The findings suggested that incorporating phone calls, personalized follow-ups, and in-person networking is crucial for effective relationship management and securing long-term support.

Overall Outcomes

The combined results of both action cycles demonstrated a positive trajectory toward financial independence for Pusat Jagaan KK. The key overall outcomes were:

- Shift to a Diversified Funding Model: The home successfully reduced its over-reliance on the founder's personal contributions by diversifying its funding sources to include a larger base of individual donors and new corporate sponsors. This significantly enhanced its financial stability and reduced its vulnerability to external shocks.
- Strategic Use of Social Capital: The research highlighted the practical value of Social Capital Theory. The home's ability to build and leverage relationships with both a broad online community (bridging capital) and key local businesses (linking capital) was directly responsible for its improved resource acquisition.
- Enhanced Organizational Capabilities: The interventions not only provided a short-term financial boost but also equipped the home with new skills and strategies for long-term sustainability. The home gained proficiency in digital marketing, professional proposal writing, and strategic relationship management.

In conclusion, the action research proved that a targeted and iterative approach to fundraising, anchored in sound theoretical frameworks, can empower a small non-profit organization to overcome significant financial challenges and build a foundation for long-term sustainability.

Discussion and Implications

This section interprets the key findings of the action research within the context of the theoretical frameworks and existing literature. It discusses the practical implications of the interventions for non-profit organizations and outlines the study's contributions to the theoretical understanding of sustainable funding.

Interpretation of Findings

Pre-Intervention Challenges and Theoretical Alignment

The initial state of Pusat Jagaan KK perfectly illustrated the core tenets of Resource Dependency Theory (RDT). The home’s heavy reliance on the founder's personal funds and a small, inconsistent donor base made it highly vulnerable to external fluctuations and created a state of deep resource dependency (Pfeffer & Salancik, 1978). This financial model was unsustainable and limited the home's ability to plan for the long term. Furthermore, the lack of consistent community and donor engagement reflected a deficit in Social Capital, both in terms of "bonding capital" within a core group of supporters and "bridging capital" to connect with broader networks. The absence of a digital strategy meant the home was not effectively leveraging its social relationships or building new ones, a critical component of resource mobilization.

Post-Intervention Outcomes and Theoretical Shift

The two action cycles directly addressed the challenges identified through the theoretical frameworks.

- Shifting Resource Dependency: The successful social media intervention in Cycle One, which led to a significant increase in public visibility and donations from new supporters, represents a crucial step in mitigating resource dependency. By diversifying its donor base through digital platforms, the home reduced its over-reliance on a single funding source—the founder—and began to build a more resilient financial portfolio. The subsequent success of securing corporate sponsorships in Cycle Two further solidified this shift by introducing a more stable and predictable revenue stream, a strategic action predicted by RDT for organizations seeking to manage external dependencies.
- Building Social Capital: The strategic use of emotionally-driven storytelling and targeted digital content acted as a powerful mechanism for building and leveraging social capital. The impressive surge in "Likes" and "Views" on platforms like TikTok and Facebook demonstrated the successful formation of "bridging capital"—connecting with a new and wide online audience. This aligns with modern fundraising literature on the power of digital storytelling and crowdfunding. The securing of corporate sponsorships, while challenging, demonstrated the successful cultivation of "linking capital," where the home established relationships with formal institutions (corporations) to gain access to their resources and networks. These findings confirm the theoretical proposition that social networks and trust are tangible assets that can be mobilized for financial gain (Bourdieu, 1986).

Practical Implications

This study offers several practical implications for other small non-profit organizations, particularly children's homes, struggling with financial sustainability:

1. Embrace a Phased, Strategic Digital Approach: Simply having a social media presence is not enough. Non-profits should adopt a structured, content-rich strategy focused on emotional storytelling and showcasing impact. This can be a low-cost, high-impact method to expand their donor base and increase public awareness.
2. Prioritize Relationship Management: Digital engagement is a stepping stone, not an end goal. To secure long-term, stable funding, especially from institutional donors, organizations must prioritize personalized, multi-channel communication. A professional sponsorship proposal is just the beginning; consistent follow-up, personalized

engagement, and building trust are critical for converting one-off donors into long-term partners.

3. Diversify Funding Sources Systematically: The journey to sustainability should be viewed as an iterative process. Organizations should move beyond a single funding model (e.g., founder-based funding) and systematically explore new avenues, starting with accessible digital strategies and gradually moving towards more complex, relationship-based corporate partnerships.
4. Leverage Social Capital as a Strategic Asset: Leaders of non-profits should recognize that their social networks, community trust, and reputation are invaluable resources. Actively building and nurturing these relationships, both digitally and in person, is as important as managing financial assets.

Conclusion

This action research study sought to address the critical challenge of financial instability and dependence faced by a children's home, Pusat Jagaan Kanak-Kanak Sharon. By employing a collaborative, two-cycle action research methodology, the study successfully implemented and evaluated strategic interventions aimed at building a more sustainable funding model.

The findings demonstrate a clear and positive shift from a founder-dependent financial model to a more diversified and resilient one. The first action cycle, which focused on a structured social media strategy, successfully leveraged the home's emotional storytelling to significantly increase public visibility and attract a new, broader base of individual donors. This initiative was crucial in demonstrating the power of digital platforms in building "bridging capital" and mitigating initial resource dependency. The second cycle, which tackled corporate sponsorships, highlighted the importance of a phased, personalized approach to fundraising. Despite initial challenges, the home successfully secured new, stable funding streams by cultivating "linking capital" and building trust-based relationships with institutional partners.

These outcomes have significant practical and theoretical implications. Practically, this study provides a clear roadmap for other small non-profit organizations to achieve financial independence by systematically embracing digital marketing, prioritizing relationship management, and diversifying their funding sources. Theoretically, it offers a real-world, granular case study that validates and expands upon the core principles of Resource Dependency Theory and Social Capital Theory. It illustrates how these frameworks can be applied not just to analyze an organization's challenges, but to actively design and implement interventions that lead to a tangible and positive shift in its operational model.

In sum, the study concludes that achieving financial independence for non-profits like Pusat Jagaan KK is an attainable goal through a strategic, iterative process that combines digital outreach with dedicated relationship building. By moving beyond a reactive, ad-hoc approach, these vital organizations can secure a stable future, ensuring their ability to continue providing essential care and support to the children they serve.

Contributions

The research extends the application of Resource Dependency Theory (RDT) by demonstrating how children's homes, as highly resource-constrained nonprofit institutions, move beyond traditional donor–organization dependency and develop adaptive financial resilience strategies. In particular, the findings highlight the role of digital fundraising and crowdfunding as mechanisms that reduce asymmetrical power relations with donors, thereby refining RDT in the context of digital nonprofit ecosystems. In addition, by applying Social Capital Theory, the study underscores the importance of trust, networks, and community engagement in sustaining children's homes. Unlike previous work that primarily emphasized local relationships, this research illustrates how digital platforms enable the expansion of both bonding and bridging social capital to global donor communities. Furthermore, the study advances the literature on resilience by showing how nonprofit organizations cultivate adaptability, innovation, and optimism to withstand financial shocks caused by crises such as pandemics, wars, and donor fatigue. Finally, the use of action research contributes methodologically by integrating theory development with practitioner-oriented interventions, offering a reflective and participatory lens rarely applied in nonprofit financial sustainability studies.

The study also makes significant contextual contributions by situating nonprofit financial resilience within the underexplored domain of children's homes in developing countries. While much of the nonprofit management literature generalizes funding models, this research highlights the unique vulnerabilities of childcare institutions that face simultaneous financial instability and rising social demand. By examining children's homes during periods of compounded crises—including the COVID-19 pandemic and conflict-related disruptions—the study provides context-specific insights into how such organizations navigate uncertainty and safeguard continuity of care. Importantly, the findings reveal the transformative role of digitalization in enabling financial diversification, community building, and donor engagement, thereby advancing knowledge on the intersection between nonprofit sustainability and digital innovation.

From a policy and practice perspective, the study provides actionable guidance for managers of children's homes to design hybrid funding models that combine traditional donor support with innovative digital fundraising. It also informs governments, international donors, and welfare agencies of the need to move beyond short-term project grants toward resilience-oriented support systems. Thus, the research not only enriches existing academic debates but also offers a practical roadmap for strengthening institutional sustainability in vulnerable social welfare contexts.

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