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Zamzulaila Zakaria, Zarina Zakaria & Laurence Ferry

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Debate: The Malaysian Madani narrative in reviving the tiger economy

Zamzulaila Zakaria^a, Zarina Zakaria^b and Laurence Ferry^c

^aInternational Islamic University Malaysia. zlaila@iiu.edu.my; ^bUniversiti Malaya, Malaysia. zarinaz@um.edu.my; ^cDurham University, UK. Laurence.ferry@durham.ac.uk

The purpose of this debate article is to consider a new approach to governing that appeals to the logic of economic inclusivity, rather than exclusivity, among a multi-racial society as a means of economic revival. We do this through the case of Malaysia.

Previous studies on Western liberal democracy on governing economic and social well-being has often centered around a new approach to governing. Specifically, studies have focused on policies and measures undertaken by newly-elected governments.

Drawing on Institutional logics (Thornton et al., 2012) we highlight for debate a new approach to governing in the context of Malaysia which aims to revive its 'tiger economic status' in Asia.

Shortly after winning the 15th general election in 2022, the Unity government administration led by Anwar Ibrahim introduced a policy framework and government slogan 'Malaysia Madani' (Civilised Malaysia). The concept articulates how the new administration will transform the nation into a civilized, skilled and inclusive society based on six core values:

- Sustainability.
- Prosperity.
- Innovation.
- Respect.
- Trust.
- Compassion.

Within a year after the introduction of the Malaysia Madani concept, the government introduced the Madani Economy framework.

We suggest Anwar's vision of Malaysia Madani is a new approach to governing that appeals to the logic of economic inclusivity among multi-racial society in Malaysia. While accentuating economic growth with social equity had been included in the economic transformation programme in previous administrations (New Economic Policy [NEP], 1971; New Development Plan [NDP], 1991; New Economic Model [NEM], 2010); these policies primarily promoted an economic exclusivity logic where the main thrust was to elevate participation by 'Bumiputra' (indigenous people) in the economy. Anwar's approach to governing social equity stresses the idea of economic inclusivity in modern Malaysia and aims to restore Malaysia's image as a prosperous nation after being tainted by various scandals in previous administration such as 1MDB. Anwar said:

We acknowledge that the majority of the poorest citizens are the Malays and Bumiputeras; they need our assistance. However, we also have a small group of other communities who are facing

difficulties. Therefore, every Malaysian, regardless of gender, race, or background, should have equal opportunities to achieve meaningful success in their careers or businesses (Prime Minister's Office, 27 July 2023).

By focusing on the economic inclusivity logic rather than exclusivity logic, Anwar's discourse of governance explicitly appeals to the individual sense of accountability to the national agenda. While the discourse of social and economic equity has been publicly-acknowledged for decades, Malaysia's economic imbalance is deeply rooted in the social structuring among the multi-racial community in the country (Taussig, 1999).

Reviving the 'Asian tiger economic' status—good governance and nationhood narrative

The discourse of good governance anchors Anwar's administration in transforming the Malaysian economy. In his budget speech for the year 2024, he said 'I propose the Ekonomi Madani: Memperkasakan rakyat' as a platform to elevate the dignity and status of our nation by restructuring the economy towards making Malaysia a leader in Asian economies'. Structural reform in public service became the key transformation agenda in his administration such as transparency in government data, eliminating political appointments in state-owned enterprises or widely known in Malaysia as government linked companies (GLCs), eradicating corruption, improving efficiency of public services, and restoring the economic rights of the Borneo states in East Malaysia.

Core to the economic transformation of Anwar's administration is the use of budget as a technology for governing economic and social equity (Ferry et al., 2014). The first Madani Budget in 2023 was based on three pillars (inclusive and sustainable economic growth, institutional reform and good governance) to restore confidence and combating inequality through social justice. This signals that these three pillars are considered by the government to be pre-requisite to reclaiming its status as tiger economy in Asia.

The annual budget 2024 continues to focus on activities to strengthen the governance and public delivery system, transforming the economy and business, and elevating the wellbeing of the nation. The notion of inclusivity is stated in the 2024 budget speech by Anwar: 'In line with the inclusive development, efforts will continue to be intensified to ensure equality of opportunity among the Rakyat and provide specific assistance for certain groups, especially the vulnerable and those in need of assistance'. The long-term outcome of government expenditure on

good governance, infrastructure and inclusive economy is yet to be seen, but short-term performance measures seem to be positive as evidenced by the reduction in the global corruption perception index from 61 in 2023 to 57 in 2024 and increase in the foreign direct investment from RM63.3 million (approximately USD 14.3 million) during the first half of 2023 to RM85.4 million (approximately USD19.3 million) in the first half of 2024.

The way forward

Pursuing the narrative of economic inclusivity logic is not without challenges. The race-based economic and social activities that began during the British's occupation of Malaysia has arguably widened the gap in economic and social achievement within society. An immediate backlash to the government's economic policies was evidenced in the by-election result at Sungai Bakap that was held on 6 July 2024. The Unity government lost to the opposition that had been campaigning against the government policy to remove blanket subsidies for diesel and government capacity to control the increase in the cost of living, the depreciation of Ringgit, and the racial and religious sentiments. Certainly, this is not an ultimate measure of the government narrative of economic inclusivity logic, but it has been a major blow to Anwar's administration.

Anwar's administration has published their annual budget for 2025, the largest budget in the country's history. The budget aims to improve overall well-being of the people with the theme reinvigorating the economy, driving reforms, and prospering the *rakyat*. While an announcement of an unprecedented increment to the public service salary scheme was welcomed by public service employees, employees in the private sector are waiting for the full implementation of the Progressive Wage Policy in 2025, an effort by the government to reform labour market with the goal of increasing workers' income. To support the implementation of Progressive Wage Policy, the government has allocated RM200 million (approximately USD 45.16 million) in the 2025 annual budget, which will benefit 50,000 workers.

However, except for a measure aimed at dealing with hardcore poverty (the Rahmah initiative), we have yet to see a significant policy trying to bridge the racial divide. A recent introduction of the Bumiputera Economic Transformation Plan 2035 (PuTERA35) seems to exclusively tackle Bumiputera participation in Malaysian economy—

contradicting the notion of inclusivity. Therefore, a more inclusive formula is needed to eliminate the sense of being marginalized that has been institutionalized within certain social groups. Moving forward on Madani's economic and social narrative, the government should consider implementing a democratic innovation such as participatory budgeting that provides opportunity for underrepresented groups' voices to be heard (Kuenneke & Scutelnicu, 2021; Su, 2017).

The coexistence of inclusivity and exclusivity logic that have characterised the previous administration may not be suitable in enabling the country to reclaim its Asian tiger status if left unattended.

Disclosure statement

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- Zamzulaila Zakaria is an associate professor in the Department of Accounting at the International Islamic University Malaysia and is also a chartered accountant in Malaysia. Her area of research has focused on the role of management accounting in public sector organizations.*
- Zarina Zakaria is an Associate Professor in the Department of Accounting, Faculty of Business and Economics in the Universiti Malaya, Malaysia. Her areas of interests are sustainability practices and reporting, as well as accountability and governance in public sector.*
- Laurence Ferry is a Full Professor in Accounting at Durham University, UK and Senior Distinguished Visiting Fellow at Rutgers University, USA. He is a well-recognized world leading expert in public financial management.*