

Governance Reform and Fiscal Responsibility in Malaysia's MADANI Budget 2026: An Analysis of Commitment One

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Abstract

This study examines the governance reforms implemented under Commitment One of the MADANI Economy Framework, focusing on fiscal responsibility, administrative modernization, and institutional strengthening as key drivers of public sector transformation in Malaysia. Using a qualitative document analysis approach, the study analyzes government policy documents, budget reports, legislative initiatives, and official reform programmes to evaluate their contribution to governance quality and public sector performance. The findings reveal that Commitment One adopts an integrated governance approach that combines fiscal discipline, digital transformation, and institutional reform. Fiscal measures, including deficit reduction strategies, the Public Finance and Fiscal Responsibility Act (PFRA), procurement reforms, anti-leakage initiatives, and digital tax administration, strengthen transparency, accountability, and sustainability in public financial management. Administrative modernization initiatives such as GovTech Malaysia, MyDigital ID, Kiosk MADANI, and the Special Taskforce on Agency Reform (STAR) enhance service delivery efficiency through digitalization, bureaucratic simplification, and capacity development. Furthermore, institutional reforms aimed at strengthening parliamentary oversight, judicial independence, legal modernization, and prosecutorial accountability reinforce democratic governance and the rule of law. The study concludes that Commitment One represents a comprehensive governance reform agenda that aligns economic management with broader governance objectives. The integrated reform framework demonstrates the importance of combining fiscal sustainability, administrative effectiveness, and institutional integrity to support long-term national development and improved public sector performance.

Introduction

Good governance and fiscal responsibility are widely recognized as fundamental pillars of sustainable economic development, institutional effectiveness, and public trust. Effective governance systems enhance the capacity of governments to formulate and implement sound policies, ensure accountability, improve public service delivery, and foster long-term economic resilience (Fukuyama, 2013; Kaufmann et al., 2010; World Bank, 2017). In an increasingly complex global environment characterized by economic uncertainty, geopolitical tensions, fiscal pressures, and rapid technological change, governments are expected to manage public resources efficiently while maintaining transparency, accountability, and high-quality public services. Consequently, governance reforms aimed at strengthening institutions, improving fiscal management, and enhancing administrative efficiency have become essential strategies for achieving sustainable development and societal well-being (North, 1990; United Nations, 2015).

In Malaysia, the MADANI Government has positioned governance reform as a central component of its national development agenda. Guided by the principles of sustainability, prosperity, innovation, respect, trust, and compassion, the Malaysia MADANI framework seeks to establish a citizen-centered administration that promotes inclusive growth, social cohesion, and institutional integrity (Prime Minister's Department, 2023). The Fourth MADANI Budget 2026, themed "*The People's Budget*," represents a significant milestone in this reform agenda as it aligns with the strategic aspirations of the Thirteenth Malaysia Plan (RMK13). The budget outlines nine strategic commitments intended to strengthen economic competitiveness, improve public welfare, accelerate digital transformation, and enhance governance standards across the public sector (Ministry of Finance Malaysia, 2025).

Among these commitments, Commitment One (Tekad Satu) serves as the foundation for governance excellence and fiscal responsibility. The commitment emphasizes prudent fiscal management, institutional strengthening, service delivery efficiency, and the reinforcement of democratic governance structures. Key initiatives include the implementation of the Fiscal Responsibility Act (FRA), the introduction of the Government Procurement Bill, the expansion of digital governance platforms such as MyDigital ID and GovTech Malaysia, anti-corruption measures, and reforms designed to strengthen the Executive, Legislative, and Judiciary institutions. These initiatives reflect the Government's commitment to improving transparency, accountability, efficiency, and public confidence in public administration. Existing literature suggests that fiscal responsibility frameworks can contribute to macroeconomic stability and sustainable public finances, while governance reforms and digital transformation initiatives can improve government effectiveness and service delivery outcomes (Debrun et al., 2008; IMF, 2018; Mergel et al., 2019; OECD, 2020).

Previous studies have consistently highlighted the importance of governance quality and fiscal discipline in promoting economic growth, reducing corruption, enhancing public sector performance, and supporting sustainable development (Acemoglu & Robinson, 2012; Rodrik et al., 2004; Rose-Ackerman & Palifka, 2016). Strong institutions have been shown to play a critical role in ensuring policy effectiveness, strengthening accountability mechanisms, and fostering public trust in government (Fukuyama, 2013; North, 1990; World Bank, 2017). Similarly, transparency and anti-corruption measures are associated with improved governance outcomes and more efficient allocation of public resources (Mungiu-Pippidi, 2015; Transparency International, 2023).

However, despite growing scholarly attention to governance reforms and fiscal sustainability, limited research has specifically examined the governance reform agenda embedded within Malaysia's MADANI Budget 2026. Existing studies on Malaysian public finance and budgetary policies have primarily focused on macroeconomic outcomes, fiscal performance, and socio-economic development, with comparatively less attention given to governance-oriented reforms and institutional strengthening initiatives. In particular, the governance and fiscal responsibility measures contained in Commitment One (Tekad Satu) remain insufficiently analyzed from a public policy and institutional governance perspective. This research gap warrants a systematic assessment of how the proposed reforms contribute to strengthening governance structures, enhancing fiscal management practices, and improving institutional accountability within the Malaysian public sector.

Accordingly, the objective of this study is to analyze the governance reform and fiscal responsibility initiatives introduced under Commitment One (Tekad Satu) of Malaysia's MADANI Budget 2026. Specifically, the study aims:

1. To examine the fiscal responsibility measures outlined in Commitment One, including fiscal consolidation efforts, revenue enhancement strategies, and mechanisms to reduce leakages and improve public financial management.
2. To evaluate the governance reform initiatives designed to improve public service delivery through digital transformation, administrative modernization, and institutional efficiency.
3. To assess the role of institutional strengthening measures involving the Executive, Legislative, and Judiciary in promoting transparency, accountability, and good governance within the MADANI framework.

By examining these dimensions, this study contributes to the growing literature on governance reform and public financial management by providing insights into Malaysia's contemporary public sector transformation agenda. The findings are expected to offer valuable perspectives for policymakers, researchers, and public administrators seeking to better understand the relationship between governance quality, fiscal responsibility, and sustainable national development within the context of the MADANI Economy.

Literature Review

The MADANI Administration is committed to strengthening fiscal efficiency, eliminating leakages and reinforcing national institutions all aimed at raising the economic ceiling and improving the people's standard of living.

Budget 2026 Allocation

Malaysia's Gross Domestic Product (GDP) recorded a strong growth rate of 4.4 percent in the first half of 2025. Despite pressures arising from the United States' tariff conflicts, the revised GDP projection for 2025, between 4.0 and 4.8 percent, demonstrates the continued resilience of the national economy. For 2026, the economy is projected to grow between 4.0 and 4.5 percent moderately, reflecting the effects of global economic uncertainty and ongoing geopolitical and geoeconomic tensions.

While maintaining commitment to the Fiscal Responsibility Act (FRA), the momentum of growth will continue to be supported by an expansionary fiscal policy. Budget 2026 aims to mobilize and optimize national resources, including funds from Government-Linked Investment Companies (GLICs), Federal Statutory Bodies, and Government-Owned Companies (MKDs), through a total public expenditure of RM470 billion, compared to RM452 billion in the previous year.

This allocation comprises:

- RM338.2 billion for Federal Operating Expenditure (OE);
- RM81 billion for Federal Development Expenditure (DE);
- RM30 billion in GLIC investments;
- RM10 billion in public-private investment initiatives; and
- RM10.8 billion in investments by Federal Statutory Bodies and Government-Owned Companies (MKDs).

Commitment One (*Tekad Satu*) underscores the Government's determination to enhance governance excellence as a foundation for long-term economic stability and social well-being. Through fiscal discipline, the administration seeks to ensure that every ringgit spent delivers measurable value to the **people**. By closing avenues of inefficiency and financial leakage, public confidence in government management will be strengthened. Concurrently, the reinforcement of national institutions—including greater transparency, accountability, and integrity in fiscal operations—will foster a more resilient and trustworthy system of public administration. Collectively, these measures will not only optimize resource utilization but also expand the nation's fiscal capacity, thereby enabling Malaysia to elevate its economic ceiling while safeguarding the people's quality of life in alignment with the aspirations of the MADANI Economy.

Fiscal Responsibility and Public Financial Management

Fiscal responsibility has become a central element of contemporary economic governance, particularly in developing and emerging economies that face increasing fiscal pressures, public debt obligations, demographic challenges, and growing demands for public services. Fiscal responsibility generally refers to the government's capacity to manage public finances prudently while maintaining fiscal sustainability, transparency, accountability, and macroeconomic stability over the long term (International Monetary Fund [IMF], 2018; OECD, 2020). Sound fiscal management enables governments to create fiscal space for development priorities, reduce vulnerability to economic shocks, and strengthen public confidence in government institutions.

The public financial management (PFM) literature emphasizes that fiscal responsibility extends beyond the traditional objectives of deficit reduction and debt containment. Modern PFM systems encompass budget credibility, expenditure efficiency, revenue mobilization, fiscal transparency, performance-based budgeting, and accountability mechanisms that ensure public resources are utilized effectively and generate measurable public value (Schick, 1998; Allen et al., 2013). Effective financial management practices are also associated with improved governance outcomes, stronger institutional performance, and greater public trust through enhanced transparency and accountability in the management of public resources (Idrus, 2024; Sam et al., 2024).

Scholars have further argued that transparency and accountability constitute fundamental pillars of good public financial governance. Transparent financial reporting enables stakeholders to monitor government activities and strengthens public oversight, while accountability mechanisms help ensure that public officials are responsible for the efficient and lawful use of public funds (Pratiwi et al., 2024). Empirical evidence suggests that greater transparency and accountability contribute to improved budget management, enhanced government performance, and more efficient allocation of public resources (Fathirah et al., 2024). Moreover, the application of the "value for money" principle—which emphasizes economy, efficiency, and effectiveness—has been identified as a critical component of modern public sector financial management and a key driver of public service improvement (Sam et al., 2024).

In recent decades, fiscal responsibility legislation has emerged as an important institutional mechanism for strengthening fiscal discipline and improving public sector governance. Fiscal rules and legal frameworks establish clear guidelines for government borrowing, expenditure management, deficit control, and fiscal reporting, thereby reducing fiscal risks and enhancing policy credibility (Debrun et al., 2008; IMF, 2018). Countries that adopt well-designed fiscal responsibility frameworks generally demonstrate stronger fiscal sustainability, greater investor confidence, and improved budgetary discipline. Furthermore, procurement reforms, anti-corruption initiatives, and enhanced fiscal transparency measures have been found to reduce opportunities for resource leakages and strengthen public trust in government institutions (Rose-Ackerman & Palifka, 2016).

Within the Malaysian context, fiscal governance reforms have gained increasing prominence as policymakers seek to balance economic growth objectives with fiscal sustainability and prudent debt management. The enactment of the Fiscal Responsibility Act 2023 (Act 850) reflects the government's commitment to strengthening fiscal discipline, improving transparency, and enhancing accountability in public financial management. Consistent with international evidence, the effectiveness of fiscal reforms depends not only on legislative frameworks but also on strong institutions, effective enforcement mechanisms, robust monitoring systems, and transparent reporting practices (World Bank, 2017). Accordingly, the fiscal measures introduced under Commitment One (Tekad Satu) of the MADANI Budget 2026 may be viewed as part of a broader governance reform agenda aimed at strengthening fiscal management, improving revenue administration, reducing leakages in public expenditure, and enhancing the overall quality of public sector governance.

Governance Reform and Public Service Delivery Efficiency

Governance reform is widely recognized as a critical driver of public sector performance, institutional effectiveness, and service delivery quality. Over the past several decades, public administration has evolved from traditional bureaucratic models toward governance approaches that emphasize efficiency, innovation, citizen-centric services, and performance outcomes. The emergence of the New Public Management (NPM) paradigm encouraged governments to adopt private-sector management practices aimed at improving efficiency, reducing administrative

burdens, and enhancing public service quality (Hood, 1991). More recently, the concept of digital-era governance has gained prominence, emphasizing the integration of digital technologies, data-driven decision-making, and inter-agency collaboration to improve government responsiveness and public value creation (Dunleavy et al., 2006; Mergel et al., 2019).

The growing body of literature on digital governance suggests that digital transformation can significantly enhance public service delivery by improving efficiency, accessibility, transparency, and accountability. Digital government initiatives facilitate faster service provision, reduce transaction costs, strengthen coordination among government agencies, and support evidence-based policymaking through improved data management systems (World Bank, 2022; OECD, 2020). Furthermore, e-government platforms have been associated with greater transparency and reduced opportunities for corruption because they minimize discretionary interactions between citizens and public officials while improving the traceability of administrative processes (Setyawan, 2024; Temple & Queen, 2025).

Empirical studies consistently demonstrate that digital governance reforms can improve operational efficiency and public trust when effectively implemented. For example, digital service platforms have been found to accelerate administrative procedures, enhance inter-agency collaboration, and increase citizen satisfaction through more convenient access to government services (Setyawan, 2024). Similarly, research on digital governance initiatives indicates that technology-enabled reforms contribute to greater accountability and transparency in public administration while supporting broader governance modernization efforts (Temple & Queen, 2025).

However, scholars emphasize that successful digital transformation requires more than technological investment alone. Mergel, Edelman, and Haug (2019) argue that digital transformation is fundamentally an organizational and institutional change process that requires strong leadership, supportive organizational culture, adequate human capital, and effective governance arrangements. Governments that focus primarily on technological infrastructure without addressing institutional capacity, change management, and citizen readiness often encounter implementation challenges and fail to realize the full benefits of digitalization. Additional barriers such as digital inequality, limited technological literacy, fragmented institutional structures, and resistance to organizational change may also undermine the effectiveness of digital governance initiatives (Setyawan, 2024).

Within the Malaysian context, governance reform and public sector modernization have become important priorities under the MADANI framework. Initiatives such as the MyDIGITAL agenda, MyDigital ID, GovTech Malaysia, Kiosk MADANI, and the Special Taskforce on Agency Reform (STAR) reflect the government's commitment to creating a more efficient, accessible, and citizen-centered public administration. These initiatives seek to streamline service delivery processes, strengthen digital integration across agencies, reduce compliance costs, and improve citizens' interactions with government institutions. Consistent with international evidence, such reforms have the potential to enhance administrative efficiency, strengthen accountability, and increase public confidence in government services (OECD, 2020; World Bank, 2022). Nevertheless, their long-term effectiveness will depend on implementation capacity, institutional coordination, digital inclusiveness, and the willingness of citizens and public servants to adopt new technologies and administrative practices.

Institutional Strengthening, Accountability, and Democratic Governance

Strong institutions constitute a fundamental prerequisite for effective governance, sustainable development, and public trust. Institutional theory suggests that governance outcomes are shaped

not only by policy choices but also by the formal and informal rules, organizational structures, and accountability mechanisms that guide public decision-making processes (North, 1990). Institutions that are transparent, accountable, and governed by the rule of law contribute to political stability, policy consistency, and administrative effectiveness, whereas weak institutions are often associated with corruption, inefficiency, and reduced public confidence in government (World Bank, 2017).

A central principle of democratic governance is the separation of powers among the Executive, Legislative, and Judiciary. This institutional arrangement establishes a system of checks and balances designed to prevent the concentration of power, ensure accountability, and safeguard the rule of law. Fukuyama (2013) argues that effective governance depends on the interaction among state capacity, the rule of law, and democratic accountability. Similarly, the World Bank (2017) emphasizes that accountable institutions and effective legal frameworks are essential for enhancing governance quality and ensuring that public authority is exercised in the public interest.

The literature further highlights the important role of legislative institutions in promoting democratic accountability. Strong legislatures contribute to effective democratic governance by enhancing executive oversight, strengthening transparency, improving regulatory quality, and supporting anti-corruption efforts (Tusalem, 2021). Parliamentary oversight mechanisms—including select committees, public accounts committees, parliamentary inquiries, and legislative hearings—provide critical channels through which elected representatives scrutinize government policies, expenditures, and administrative performance (Khasanov, 2016). Empirical evidence suggests that effective parliamentary oversight contributes to improved policy outcomes, better budget management, stronger government legitimacy, and increased public trust in democratic institutions (Khasanov, 2016).

Judicial institutions represent another essential pillar of democratic governance. An independent judiciary serves as the guardian of constitutionalism, the rule of law, and citizens' rights by ensuring that government actions remain subject to legal scrutiny and constitutional constraints. Judicial independence is widely regarded as a cornerstone of democratic governance because it promotes fairness, accountability, legal certainty, and protection against abuses of power (Fukuyama, 2013; Hussein & Abbas, 2024). Governance reforms aimed at strengthening judicial capacity, enhancing transparency in judicial processes, and reducing political interference are therefore considered critical for improving institutional integrity and public confidence in legal systems (Hussein & Abbas, 2024).

Recent governance scholarship also emphasizes that accountability is strengthened when legislative oversight and judicial independence operate within an integrated system of checks and balances. Effective scrutiny, transparent reporting, rigorous auditing processes, and independent legal review mechanisms collectively enhance government accountability and reduce opportunities for maladministration, inefficiency, and corruption (Khasanov, 2016). Such institutional arrangements are increasingly recognized as essential components of good governance and democratic resilience.

Within the Malaysian context, institutional reform has become an increasingly important component of the national governance agenda. Efforts to strengthen parliamentary functions, expand the role of parliamentary select committees, modernize legal and regulatory frameworks, and review the separation of powers between the Attorney General and the Public Prosecutor reflect broader initiatives to improve democratic governance and institutional accountability. These reforms align with international governance principles that emphasize transparency, integrity,

public participation, and effective oversight as foundations of accountable government (World Bank, 2017).

Overall, the literature demonstrates that fiscal responsibility, public sector modernization, and institutional strengthening are closely interconnected dimensions of governance reform. Effective fiscal management requires strong accountability institutions, while efficient public service delivery depends on both administrative capacity and robust governance structures. Consequently, Commitment One (Tekad Satu) of the MADANI Budget 2026 may be understood as an integrated governance reform agenda that seeks to strengthen fiscal discipline, improve public service delivery, reinforce democratic institutions, and enhance accountability mechanisms in support of sustainable national development.

Methodology

This study adopts a qualitative research approach using document analysis to examine the governance reform and fiscal responsibility initiatives contained in Commitment One (Tekad Satu) of Malaysia's MADANI Budget 2026. Document analysis is widely used in public policy and governance research as it enables systematic examination and interpretation of policy documents, legislative frameworks, official reports, and institutional records to generate meaningful insights into policy objectives, implementation strategies, and governance implications.

The primary source of data for this study is the MADANI Budget 2026 Speech delivered in the Dewan Rakyat on 10 October 2025. To provide contextual understanding and strengthen the analysis, the study also refers to supporting government documents, including the Public Finance and Fiscal Responsibility Act 2023, official publications from the Ministry of Finance Malaysia, parliamentary reports, and relevant policy documents related to governance reform, public financial management, digital government, and institutional strengthening. In addition, academic literature on governance, fiscal responsibility, public sector reform, and democratic accountability was reviewed to establish the theoretical and analytical foundation of the study.

The analysis was conducted through thematic analysis. The policy measures contained in Commitment One were systematically reviewed and categorized into three major themes derived from the research objectives and the literature review. The first theme focuses on fiscal responsibility and public financial management reforms, including fiscal discipline, budget management, revenue enhancement, anti-corruption measures, and initiatives to reduce financial leakages. The second theme examines governance reform initiatives aimed at improving public service delivery through digital transformation, administrative modernization, and organizational efficiency. The third theme analyzes institutional strengthening measures involving the Executive, Legislative, and Judiciary, particularly those intended to enhance transparency, accountability, and democratic governance.

The analytical framework is guided by the principles of good governance, which emphasize transparency, accountability, efficiency, effectiveness, and the rule of law. Through this framework, the study evaluates how the initiatives proposed under Commitment One contribute to strengthening governance quality and fiscal responsibility within the broader MADANI policy agenda.

As a qualitative document-based study, this research does not seek to measure policy outcomes empirically. Rather, it aims to provide a systematic and analytical assessment of the governance

and fiscal reform agenda articulated in Commitment One of the MADANI Budget 2026. The findings, therefore, contribute to a deeper understanding of Malaysia's contemporary governance reform efforts and their potential implications for public administration and sustainable development.

Findings and Discussion

Fiscal Responsibility and Public Financial Management

The findings indicate that Commitment One places significant emphasis on strengthening fiscal responsibility as a foundation for sustainable economic governance. The MADANI Government continues its fiscal consolidation agenda through gradual deficit reduction, improved revenue administration, and enhanced expenditure management. The projected reduction of the fiscal deficit from 5.5 percent in 2022 to 3.5 percent in 2026 demonstrates a commitment to maintaining fiscal sustainability while supporting economic growth and social development. This approach is consistent with fiscal governance literature, which argues that rules-based fiscal frameworks help address deficit bias, promote macroeconomic stability, and ensure long-term sustainability of public finances (Kopits & Symansky, 1998; Schaechter et al., 2012).

The introduction of the Public Finance and Fiscal Responsibility Act (PFRA) and the Government Procurement Bill reflects a broader effort to institutionalize fiscal discipline and accountability. Fiscal responsibility legislation is widely recognized as an important mechanism for improving budget transparency, strengthening accountability, and enhancing the credibility of fiscal policy (Corbacho & Ter-Minassian, 2013; Philipps & Stewart, 2008). By establishing clearer fiscal rules and strengthening oversight mechanisms, these reforms help reduce discretionary decision-making and promote more transparent and responsible management of public resources (Kopits, 2004; OECD, 2015).

The findings further reveal that anti-leakage initiatives constitute an important component of fiscal governance reform. Enhanced enforcement activities by agencies such as the Malaysian Anti-Corruption Commission (MACC), Royal Malaysian Customs Department, and Malaysia Competition Commission have contributed to the recovery of substantial public revenues through seizures, penalties, and anti-corruption measures. From a governance perspective, these efforts align with evidence suggesting that greater fiscal transparency and stronger institutional oversight contribute to lower levels of corruption, improved fiscal efficiency, and increased public trust in government institutions (Chen & Neshkova, 2020; Rose-Ackerman & Palifka, 2016).

Digitalization initiatives such as e-Invoicing and digital tax stamps also represent significant fiscal governance innovations. Previous studies have shown that digital tax administration enhances tax compliance, reduces opportunities for tax evasion and fraud, and improves revenue collection efficiency through greater transparency and real-time monitoring of transactions (Lee, 2016; Hesami, Jenkins, & Jenkins, 2024; Kotsogiannis, Salvadori, & Karangwa, 2025). These findings suggest that Commitment One adopts a comprehensive approach to fiscal responsibility by integrating legal reforms, technological innovation, and institutional enforcement. Such an approach supports the argument that sustainable fiscal management depends not only on expenditure control but also on effective governance structures and accountability mechanisms (Corbacho & Ter-Minassian, 2013).

Overall, the fiscal measures introduced under Commitment One demonstrate a transition from conventional budget management toward a governance-oriented model of public financial management. This finding supports the view that fiscal responsibility and governance quality are mutually reinforcing components of sustainable public administration, where transparency,

accountability, and institutional effectiveness collectively contribute to stronger fiscal outcomes and public confidence in government (Kopits, 2004; Chen & Neshkova, 2020).

Governance Reform and Public Service Delivery Efficiency

The analysis shows that governance reform under Commitment One is strongly driven by administrative modernization and digital transformation. The Government's investment in initiatives such as GovTech Malaysia, MyDigital ID, Kiosk MADANI, and the Special Taskforce on Agency Reform (STAR) reflects a strategic effort to improve public service delivery efficiency while reducing bureaucratic complexity. This approach is consistent with contemporary public administration literature, which emphasizes that digital governance can enhance organizational effectiveness, streamline administrative processes, and improve service quality through the integration of technology into government operations (Milakovich, 2021; Latupeirissa et al., 2024).

One of the most significant findings is the emphasis on utilizing internal government expertise to drive reform and innovation. The STAR initiative has reportedly streamlined numerous projects and programmes while generating substantial compliance cost savings. This approach differs from traditional public sector reform models that often rely heavily on external consultants. The findings support the argument that institutional learning, organizational knowledge, and internal capacity-building contribute significantly to administrative effectiveness, innovation, and long-term sustainability of public sector reforms (Milakovich, 2021; Grimaudo, 2024). By strengthening internal capabilities, governments can reduce dependence on external actors while enhancing ownership and accountability in the reform process.

Digital transformation emerges as another key theme. The expansion of MyDigital ID and GovTech Malaysia illustrates the Government's intention to create an integrated digital ecosystem capable of delivering services more efficiently. Existing literature suggests that digital governance improves accessibility, responsiveness, transparency, and operational efficiency by reducing administrative barriers and facilitating seamless interactions between citizens and government agencies (Milakovich, 2012; Latupeirissa et al., 2024). Furthermore, integrated digital identity systems are increasingly recognized as critical enablers of citizen-centered digital government because they support secure, convenient, and interoperable service delivery across multiple agencies (Yusifov, 2025).

The introduction and expansion of Kiosk MADANI and Urban Transformation Centres (UTCs) further demonstrate a citizen-centered approach to governance. These initiatives improve service accessibility by extending service availability beyond conventional government operating hours and bringing public services closer to communities. Such measures align with citizen-centered governance theories, which emphasize responsiveness, inclusiveness, accessibility, and service quality as key indicators of effective public administration (Yusifov, 2025; Nguyen & Csaba, 2025). By focusing on user convenience and accessibility, these initiatives contribute to improving citizen satisfaction and strengthening trust in public institutions.

However, the literature also highlights several implementation challenges associated with digital transformation. Issues related to digital literacy, cybersecurity, inter-agency coordination, organizational interoperability, and technology adoption may affect the effectiveness of digital governance reforms (Grimaudo, 2024; Ciancarini, Giancarlo, & Grimaudo, 2024). In addition, the success of digital service delivery depends on citizens' willingness and ability to adopt new technologies, as well as the government's capacity to ensure data security and system reliability (Landjohou & Christopher, 2026). Therefore, while Commitment One provides a strong framework

for administrative modernization, its long-term success will depend on effective implementation, stakeholder acceptance, and continuous institutional capacity development.

Overall, the findings indicate that governance reform under Commitment One extends beyond efficiency improvement and seeks to establish a more responsive, innovative, and citizen-oriented public sector. This reflects the broader objectives of the MADANI framework, which places people at the center of public administration and service delivery. Consistent with digital governance theory, successful public sector transformation requires not only technological innovation but also institutional adaptation, citizen engagement, and continuous improvement in service quality (Milakovich, 2021; Yusifov, 2025).

Institutional Strengthening and Democratic Accountability

The findings reveal that institutional strengthening constitutes a critical dimension of Commitment One. The Government's efforts to reinforce the Executive, Legislative, and Judiciary reflect an understanding that sustainable governance reform requires strong institutions capable of ensuring accountability, transparency, and adherence to the rule of law. Governance literature consistently emphasizes that institutional quality is a fundamental determinant of effective public administration, democratic accountability, and long-term development outcomes (Nik Mahmud, 2013; Bingham, 2011).

Parliamentary strengthening is one of the most notable institutional reforms identified in the analysis. Increased allocations to Parliament and the expansion of resources for Special Select Committees are intended to enhance legislative oversight and improve policy scrutiny. This finding is consistent with democratic governance literature, which highlights the importance of parliamentary institutions in holding governments accountable, scrutinizing public policies, and ensuring transparency in decision-making processes (Case, 2011; Landau, 2025). Effective legislative oversight contributes to improved governance outcomes by strengthening horizontal accountability, enhancing policy evaluation, and reducing opportunities for misuse of public authority (Case, 2011).

The proposed separation of the Attorney General and Public Prosecutor functions represents another significant governance reform. International governance standards generally recognize the separation of prosecutorial authority from executive influence as an important safeguard for judicial independence, impartiality, and prosecutorial accountability (Commonwealth Secretariat, 2016; Uchegbune, 2025). Research suggests that independent prosecutorial institutions are better positioned to uphold the rule of law and maintain public confidence in the justice system by minimizing political interference in legal proceedings (Verkuil, 1988; Helmke & Rosenbluth, 2009). The findings therefore suggest that this reform has the potential to strengthen public trust by enhancing perceptions of fairness, neutrality, and institutional integrity.

The work of the Law Reform Taskforce further demonstrates the Government's commitment to legal modernization. Proposed reforms involving criminal law, contract law, admiralty jurisdiction, and consumer protection legislation indicate an effort to align Malaysia's legal framework with contemporary governance and economic requirements. Legal modernization is widely regarded as an important component of governance reform because adaptive legal systems improve regulatory quality, strengthen institutional effectiveness, and support economic development (Nik Mahmud, 2013; Smith, 2022). In particular, the proposed introduction of Lemon Law provisions reflects growing attention to consumer rights, market accountability, and regulatory responsiveness in modern governance systems.

From a governance perspective, these institutional reforms contribute to strengthening checks and balances across the three branches of government. Existing literature suggests that robust institutional arrangements, including independent judicial institutions, effective legislative oversight, and accountable executive governance, enhance policy effectiveness, increase public trust, and promote sustainable development (Garoupa & Ginsburg, 2009; Helmke & Rosenbluth, 2009). The findings from Commitment One support this argument by demonstrating that governance reform is not limited to fiscal and administrative improvements but also encompasses broader institutional transformation designed to reinforce democratic governance and the rule of law.

Collectively, the findings suggest that Commitment One adopts an integrated governance approach that combines fiscal responsibility, administrative modernization, and institutional strengthening. This integrated strategy reflects the principles of the MADANI Economy, where transparency, accountability, efficiency, and inclusivity serve as the foundation for sustainable national development. By reinforcing fiscal discipline, enhancing public service delivery, and strengthening democratic institutions, Commitment One provides a comprehensive framework for improving governance quality and public sector performance in Malaysia. Such an approach is consistent with governance scholarship, which emphasizes that sustainable development depends on the interaction of effective institutions, accountable governance structures, and strong rule-of-law mechanisms (Bingham, 2011; Nik Mahmod, 2013).

Conclusion

This study examined the governance reforms implemented under Commitment One of the MADANI Economy framework, focusing on fiscal responsibility, public financial management, administrative modernization, and institutional strengthening. The findings demonstrate that Commitment One represents a comprehensive governance reform agenda that extends beyond conventional economic management and seeks to establish a more accountable, transparent, efficient, and citizen-oriented public sector.

The analysis reveals that fiscal responsibility serves as a foundational pillar of the reform agenda. Through fiscal consolidation measures, the introduction of the Public Finance and Fiscal Responsibility Act (PFRA), procurement reforms, anti-leakage initiatives, and digital tax administration, the Government has sought to strengthen fiscal discipline while enhancing transparency and accountability in public resource management. These measures indicate a shift toward governance-oriented public financial management, where fiscal sustainability is pursued alongside institutional accountability and public trust.

In addition, the findings highlight the central role of administrative modernization and digital transformation in improving public service delivery. Initiatives such as GovTech Malaysia, MyDigital ID, Kiosk MADANI, and the Special Taskforce on Agency Reform (STAR) demonstrate the Government's commitment to reducing bureaucratic inefficiencies and enhancing citizen access to public services. The emphasis on leveraging internal institutional capabilities further suggests a strategic approach to reform that prioritizes organizational learning, innovation, and long-term administrative resilience. Nevertheless, the effectiveness of these initiatives will depend on addressing implementation challenges related to digital inclusion, cybersecurity, inter-agency coordination, and technological adoption.

The study also underscores the importance of institutional strengthening as a prerequisite for sustainable governance reform. Efforts to enhance parliamentary oversight, strengthen legislative scrutiny, reform prosecutorial independence, and modernize the legal framework reflect a broader commitment to reinforcing democratic institutions and the rule of law. These reforms contribute to

stronger checks and balances across the executive, legislative, and judicial branches, thereby enhancing institutional credibility, policy effectiveness, and public confidence in government.

Taken together, the findings suggest that Commitment One embodies an integrated governance model in which fiscal responsibility, administrative efficiency, and institutional integrity are mutually reinforcing dimensions of public sector reform. Rather than treating governance as a collection of isolated policy interventions, the MADANI framework adopts a holistic approach that recognizes the interdependence between economic management, public administration, and democratic institutions. This integrated perspective is particularly significant in the context of contemporary governance challenges, where sustainable development increasingly depends on the capacity of governments to combine fiscal prudence, service excellence, and institutional accountability.

From a theoretical perspective, the study contributes to the growing body of governance literature by demonstrating how governance reforms can be operationalized through a multidimensional framework that integrates public financial management, digital governance, and institutional development. Practically, the findings provide insights for policymakers seeking to design reform strategies that balance economic objectives with broader governance outcomes. Future research may evaluate the long-term effectiveness of these reforms by examining their impact on governance indicators, public trust, service delivery performance, and institutional resilience. Ultimately, the success of Commitment One will depend not only on the implementation of individual reforms but also on the Government's ability to sustain institutional transformation and embed a culture of accountability, transparency, and citizen-centered governance across the public sector.

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