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Aligning Social Impact Assessment with MADANI Principles for Inclusive Development in Malaysia

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Abstract

This paper examines the alignment of Malaysia's Social Impact Assessment (SIA) governance with Malaysia MADANI values in advancing inclusive development. Using qualitative document-based policy analysis, it analyses PLANMalaysia's SIA guidance (PPSIA, 2023), the Town and Country Planning Act 1976 (Act 172), and official MADANI policy documents. The analysis focuses on participation, safeguards, transparency, and monitoring. The findings identify three recurring governance gaps: participation remains largely consultative, safeguards for vulnerable groups and cultural rights are unevenly operationalised, and post-approval monitoring and accountability mechanisms remain weak. The paper outlines evidence-informed options to strengthen governance coherence and inclusivity consistent with MADANI-oriented development.

Keywords: Social Impact Assessment; Malaysia MADANI; policy analysis; governance

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1.0 Introduction

Social Impact Assessment (SIA) is increasingly recognised as a governance instrument for anticipating, managing, and monitoring the social consequences of development interventions (Esteves et al., 2012; IAIA, 2019). Beyond its origins as a predictive and compliance-oriented tool, contemporary SIA emphasises participation, equity, and accountability across the project lifecycle, closely linking it to legitimacy and trust in development decision-making (Fung, 2015). In Malaysia, SIA has been formally integrated into development planning governance through statutory and procedural mechanisms, including its linkage to the Town and Country Planning Act 1976 (Act 172) and implementation guidance issued by PLANMalaysia (Laws of Malaysia, 2021; PLANMalaysia, 2023).

In January 2023, the Malaysian Government introduced Malaysia MADANI as a national governance framework emphasising values-based, humane, and inclusive development (Prime Minister's Office Malaysia, 2023). MADANI is articulated through six core values—Sustainability, Prosperity, Innovation, Respect, Trust, and Care/Compassion (SCRIPT)—intended to guide public policy toward people-centred outcomes. From a governance perspective, these values resonate with international debates on participatory governance, accountability, and inclusive development (UNDP, 1997; Osborne, 2010).

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Despite the formal presence of SIA within Malaysian planning processes, recent studies continue to highlight challenges in practice, particularly regarding participation quality, safeguards for vulnerable groups, and the monitoring of mitigation commitments (Suaree et al., 2024; Rani & Sinniah, 2025). These issues suggest a persistent governance–society disconnect, where procedural compliance does not always translate into inclusive or trusted development outcomes.

Aim

This paper assesses the alignment between Malaysia's SIA governance instruments and Malaysia MADANI values in advancing inclusive development.

Objectives

- a. To map the key governance instruments shaping SIA implementation in Malaysia.
- b. To evaluate how MADANI values are reflected in SIA procedures related to participation, safeguards, transparency, and monitoring.
- c. To identify recurring governance and implementation gaps that may constrain inclusive development outcomes.
- d. To outline evidence-informed improvement options grounded in the analysis.

Research Questions

- a. RQ1: What governance instruments and procedures shape SIA implementation in Malaysia?
- b. RQ2: How, and to what extent, do these instruments reflect MADANI values relevant to inclusive development?
- c. RQ3: What recurring gaps emerge in participation, safeguards, and accountability mechanisms?

2.0 Literature Review

2.1 Social Impact Assessment and governance

The evolution of SIA reflects a shift from a technocratic, compliance-oriented instrument towards a participatory process concerned with managing social change. Contemporary SIA principles emphasise stakeholder engagement, transparency, and the assessment of both positive and negative social impacts (IAIA, 2015; IAIA, 2019). This evolution positions SIA as a governance mechanism linked to legitimacy, trust, and the social license to operate (Esteves et al., 2012).

2.2 Participation, equity and inclusive development

Inclusive development literature highlights that development outcomes depend not only on economic growth but also on procedural justice, recognition of diverse social groups, and equitable distribution of benefits and burdens (Sen, 1999). Participation quality—specifically who participates, at what stage, and with what influence—has been identified as a critical determinant of legitimacy and trust in development decision-making (Fung, 2015).

2.3 Malaysia MADANI as a normative analytical lens

Malaysia MADANI provides a locally grounded normative framework that aligns with global governance principles while reflecting national priorities. The six MADANI values can be translated into observable governance criteria for evaluating SIA. These include participation mechanisms (Care/Compassion, Respect), accountability and transparency (Trust), long-term wellbeing (Sustainability, Prosperity), and adaptive governance tools (Innovation).

2.4 Reported gaps in Malaysia SIA practice

Recent Malaysian studies report persistent weaknesses in SIA implementation, particularly in post-approval monitoring, enforcement of mitigation measures, and consistency across project contexts (Suaree et al., 2024; Rani & Sinniah, 2025; Auditor-General's Office Malaysia, 2022). These findings indicate that while governance instruments exist, their operationalisation remains uneven.

3.0 Methodology

3.1 Research design

This study adopts a qualitative, document-based policy analysis. This approach is widely used in governance and regulatory research to assess institutional design, procedural logic, and accountability mechanisms (Osborne, 2010; UNDP, 1997).

3.2 Data sources

Primary documents analysed include:

- a. PLANMalaysia Guidance for Implementation of Social Impact Assessment for Development projects (PPSIA, 2023)
- b. The Town and Country Planning Act 1976 (Act 172); and
- c. Official policy materials outlining the Malaysia MADANI framework.

These are supplemented by recent peer-reviewed Malaysian literature on SIA governance and monitoring to contextualise findings.

3.3 Analytical Framework

A MADANI-based coding framework was developed by translating each value into governance criteria across three domains

- Participation and procedural justice
- Safeguards and inclusion
- Transparency. Monitoring and accountability

Documents were coded thematically, and cross-document comparison was used to identify recurring patterns of alignment and gaps. An audit trail of coding decisions was maintained to enhance analytical rigour.

To operationalise the MADANI values into observable governance criteria, this study developed a MADANI-informed analytical coding framework. The framework translates each MADANI principle into specific governance dimensions and social science metrics used to guide the document analysis, as summarised in Table 1.

Table 1: MADANI-informed analytical framework for assessing SIA governance

MADANI Principle	Governance Aspect	Social Science Metric
Sustainability	Long-term policy coherence	Intergenerational equity in SIA
Compassion	Vulnerable group protections	FPIC adherence, grievance redress
Respect	Cultural rights safeguards	Ethnographic inclusion in SIA
Innovation	Digital participation tools	Public feedback responsiveness
Trust	Transparency mechanisms	Independent SIA review rates

The framework in Table 1 was applied systematically across the selected policy and guidance documents to identify patterns of alignment and recurring governance gaps related to participation, safeguards, transparency, and monitoring.

4.0 Findings

The analysis identifies systemic governance challenges that constrain the operationalisation of MADANI values within current SIA practice. These challenges are not isolated to individual projects but reflect broader patterns across governance instruments and implementation guidance.

Table 2. Key governance challenges in Malaysian SIA and their implications for MADANI values

MADANI Value	Observed governance challenge	Implications for inclusive development
Sustainability	Limited emphasis on long-term social monitoring beyond project approval stages.	Social impacts may persist or accumulate over time without systematic follow-up, weakening intergenerational equity considerations.
Care / Compassion	Participation processes often prioritise formal consultation over meaningful engagement with vulnerable groups.	Marginalised communities may remain underrepresented in decision-making, constraining equitable outcomes.
Respect	Inconsistent recognition of cultural practices and local knowledge systems in SIA documentation.	Risks of cultural misrecognition and erosion of community trust in development processes.
Innovation	Limited institutionalisation of adaptive or participatory tools beyond conventional consultation methods.	Opportunities to enhance responsiveness and inclusivity through innovative engagement mechanisms remain underutilised.
Trust	Weak post-approval monitoring and unclear accountability for mitigation commitments.	Reduced transparency and credibility of SIA, contributing to public scepticism toward development decisions.

4.1 Participation and inclusion-related challenges

Participation-related challenges are most evident in relation to the MADANI values of Care/Compassion and Respect. Although SIA guidelines emphasise stakeholder engagement, empirical reviews indicate that participation often remains procedural and uneven in quality (Suaree et al., 2024). Consultation-based approaches may satisfy formal requirements without conferring meaningful influence on affected communities (IAIA, 2019; Fung, 2015).

By situating these participation challenges within the MADANI framework, the analysis highlights how gaps in engagement are not merely procedural shortcomings but represent misalignments between governance practice and values-based development aspirations.

4.2 Monitoring, accountability and trust

Challenges associated with Sustainability and Trust primarily relate to post-approval monitoring and accountability mechanisms. Monitoring arrangements are frequently under-specified, with limited clarity regarding institutional responsibilities and enforcement (Rani & Sinniah, 2025; Auditor-General's Office Malaysia, 2022). Weak monitoring undermines transparency and erodes trust in SIA as a governance instrument

5.0 Discussion

The findings indicate that participation within Malaysian SIA processes remains predominantly consultative rather than deliberative. While consultation satisfies procedural requirements, governance literature suggests that such approaches rarely redistribute decision-making power or generate durable legitimacy (Fung, 2015). From a MADANI perspective, participation should function as a mechanism for recognising lived experience and community agency.

This study demonstrates that the primary limitation of Social Impact Assessment (SIA) in Malaysia is not the absence of policy instruments or guiding values, but the manner in which these instruments are operationalised within governance practice. When

assessed through the MADANI framework, the findings reveal a persistent governance–society disconnect that constrains SIA's potential to support inclusive development.

5.1 Participation, legitimacy, and the limits of consultative approaches

The findings indicate that participation within Malaysian SIA processes remains predominantly consultative rather than deliberative or co-productive. While consultation satisfies procedural requirements, governance literature suggests that such approaches often fail to confer meaningful influence on affected communities. This limits the legitimacy-building function of SIA and may explain recurring public resistance to development projects despite formal compliance with assessment procedures.

From a MADANI perspective, particularly the values of Care/Compassion and Respect, participation is not merely a procedural step but a mechanism for recognising lived experience and community agency. The persistence of consultation-led participation suggests that MADANI values have yet to be fully translated into governance practices that redistribute decision-making power. This finding aligns with broader critiques of impact assessment systems in developing contexts, where participation is frequently symbolic rather than transformative.

Governance literature suggests that consultative approaches alone often fail to generate legitimacy, trust, and durable social outcomes, particularly in complex development contexts (Fung, 2015; IAIA, 2019). The persistence of consultation-led participation in Malaysian SIA indicates that MADANI values have yet to be fully translated into governance practices that redistribute decision-making power.

5.2 Safeguards, vulnerability, and uneven inclusion

The analysis further reveals that safeguards for vulnerable groups and cultural rights are unevenly operationalised across SIA governance instruments. Although MADANI explicitly prioritises compassion and respect for diversity, implementation mechanisms often lack enforceable standards or clear criteria for inclusion. As a result, the protection of indigenous communities, low-income households, and other marginalised groups remains contingent on project-specific interpretations rather than consistent governance requirements.

This inconsistency reflects a broader tension between technocratic planning systems and socially grounded development objectives. Without explicit operational safeguards, SIA risks reinforcing existing power asymmetries, whereby dominant stakeholders shape outcomes while vulnerable groups remain marginal participants. The findings therefore suggest that inclusion under MADANI cannot rely solely on value articulation but must be embedded in auditable governance mechanisms.

5.3 Monitoring, accountability, and the erosion of trust

A key contribution of this study is its identification of weak post-approval monitoring and accountability as a systemic constraint on MADANI-aligned SIA. Trust, as a core MADANI value, depends on the visibility and credibility of governance commitments. However, the findings show that monitoring arrangements for Social Impact Management Plans are frequently under-specified, with limited clarity regarding roles, timelines, and enforcement responsibilities.

This weakness undermines SIA's function as a lifecycle governance instrument. When mitigation commitments are not transparently monitored or enforced, communities may perceive SIA as symbolic compliance rather than a meaningful safeguard. This perception contributes to declining trust in development institutions and reinforces the governance–society disconnect identified in Malaysian SIA practice.

Trust, as a core MADANI value, depends on the visibility and credibility of governance commitments. Weak post-approval monitoring has similarly been identified as a key constraint in Malaysian SIA scholarship, undermining confidence in mitigation promises and regulatory oversight (Rani & Sinniah, 2025; Auditor-General's Office Malaysia, 2022).

5.4 Implications for MADANI-oriented governance

Taken together, the findings suggest that aligning SIA with MADANI requires more than integrating values into policy narratives. It necessitates a shift toward governance arrangements that institutionalise participation quality, inclusion safeguards, and accountability mechanisms. From an analytical standpoint, MADANI provides a coherent normative framework through which these governance dimensions can be evaluated, offering a locally grounded alternative to externally driven governance models such as ESG or CSR. Rather than positioning MADANI as a policy prescription, this study demonstrates its analytical utility in diagnosing where and how existing SIA governance arrangements fall short of inclusive development objectives. In doing so, the discussion reframes MADANI not as an advocacy agenda, but as a lens for systematic evaluation of governance effectiveness.

Building on the findings presented in Section 4, this section interprets how the observed governance patterns in Malaysian Social Impact Assessment (SIA) relate to broader debates on inclusive development and values-based governance. In particular, the discussion examines how dominant characteristics of current SIA practice contrast with governance orientations implied by the Malaysia MADANI framework. Recent Malaysian studies have highlighted that, while SIA is formally embedded within planning governance, its implementation often remains procedural and compliance-oriented, with limited depth of participation and weak post-approval monitoring (Rani & Sinniah, 2025; Suaree et al., 2024). These observations are consistent with international impact assessment literature, which cautions that consultative approaches alone are insufficient to generate legitimacy, trust, and durable social outcomes (IAIA, 2019; Esteves et al., 2012).

To synthesise these findings, Table 2 contrasts dominant governance characteristics observed in current SIA practice with governance orientations implied by MADANI values. Importantly, this comparison is interpretive rather than prescriptive. It does not

propose a new policy model; instead, it clarifies areas where existing governance arrangements remain misaligned with inclusive, people-centred development principles.

Table 3. Interpretation of findings: Governance characteristics of conventional and MADANI-aligned SIA

MADANI Value	Observed governance challenge	Implications for inclusive development
Sustainability	Limited emphasis on long-term social monitoring beyond project approval stages.	Social impacts may persist or accumulate over time without systematic follow-up, weakening intergenerational equity considerations.
Care / Compassion	Participation processes often prioritise formal consultation over meaningful engagement with vulnerable groups.	Marginalised communities may remain underrepresented in decision-making, constraining equitable outcomes.
Respect	Inconsistent recognition of cultural practices and local knowledge systems in SIA documentation.	Risks of cultural misrecognition and erosion of community trust in development processes.
Innovation	Limited institutionalisation of adaptive or participatory tools beyond conventional consultation methods.	Opportunities to enhance responsiveness and inclusivity through innovative engagement mechanisms remain underutilised.
Trust	Weak post-approval monitoring and unclear accountability mitigation commitments.	Reduced transparency and credibility of SIA, contributing to public scepticism toward development decisions.

6.0 Conclusion and Recommendation

This paper assessed Malaysia's Social Impact Assessment (SIA) governance through a MADANI-informed analytical framework. The analysis indicates that while SIA is formally embedded within planning and policy instruments, persistent gaps remain in participation quality, operationalisation of safeguards for vulnerable groups, and post-approval monitoring and accountability mechanisms. These gaps constrain SIA's capacity to support inclusive development consistent with MADANI values.

Based on the findings, the analysis suggests that greater alignment between SIA governance and MADANI may be achieved by strengthening participation beyond consultation, clarifying enforceable inclusion safeguards, and enhancing transparency and accountability across the project lifecycle. Rather than prescribing specific policy reforms, these recommendations highlight governance dimensions that warrant closer institutional attention to improve the credibility and inclusiveness of SIA practice.

This study is limited by its reliance on document-based analysis and does not empirically assess project-level implementation or stakeholder experiences. Consequently, the findings should be interpreted as indicative of governance patterns rather than definitive evaluations of on-the-ground practice.

Future research could extend this work through comparative project case studies, stakeholder interviews, and longitudinal assessment of monitoring outcomes to empirically validate the MADANI-informed framework and examine its applicability across different development contexts.

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Paper Contribution to Related Field of Study

This paper contributes to the social impact assessment literature by operationalising Malaysia MADANI values into a coherent analytical framework for evaluating SIA governance. It further provides an evidence-based assessment of alignment gaps within Malaysian SIA instruments, offering a foundation for future empirical research on inclusive and values-driven development governance.

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