



Future of HR: The Road Ahead for Malaysia

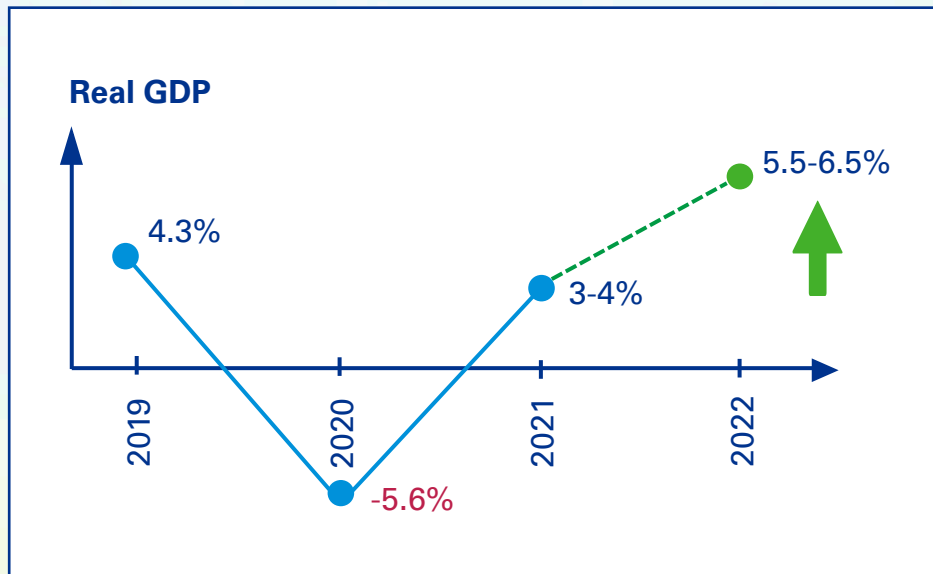
KPMG in Malaysia

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As 2021 comes to an end....

Malaysia strives to continue rebuilding its economy as businesses adapt to the new normal. With **95% of the Malaysian adult population fully vaccinated¹** and ready to return to work onsite, **Malaysia's economy is projected to expand between 5.5% and 6.5% in 2022.**

In KPMG's HR Pulse Survey - Malaysia's New Reality 2020 Report, it was highlighted that **HR must rethink its role to think big and play the long game.** Building on the 2020 research, we now share some insights of 2021, moving into 2022:



1. Lessons learnt from global HR leaders in driving value in the face of double disruption (digital transformation and COVID-19); and
2. The way forward for HR leaders in Malaysia to navigate the future of HR with the Twelfth Malaysian Plan and Budget 2022 mapped onto the above mentioned lessons learnt.

¹ Source: Ministry of Health, Malaysia

About the Pathfinders

While many leaders view HR as an administrative function, there is a group of **exceptional HR organisations** who demonstrate superior performance, focusing on integrated and mutually reinforcing capabilities, such as **employee experience, data and analytics, workforce shaping and digital HR and learning**.

These HR organisations have found ways to become **true value drivers** and **enabled new forms of collaboration** in the organisation, transforming itself to become a new kind of HR function, one that is **required in our digitally transformed reality in a post-COVID world**.

They are called **Pathfinders** and they **pave the path forward** for other HR leaders to follow and become successful organisations.

What are the characteristics of Pathfinders?

- More positive about the future
- Higher levels of employee trust and morale
- More likely to adopt new leading technologies
- Quicker to respond to the pandemic

What do Pathfinders do?

- Define value
- Deliver more
- Build end-to-end capabilities
- Become the architect of the new operating model

In our research titled **Future of HR 2021**, KPMG conducted **in-depth interviews with 18 HR leaders** from across the globe that we believe were **demonstrating characteristics of Pathfinders**. This report shares the **lessons and experiences of Pathfinders** we have interviewed and **what other organisations can learn from** to thrive in both the current and unforeseen waves of disruption.

Paving the Way Forward for HR

Looking at the lessons learnt from the Pathfinders in our research titled Future of HR 2021, here's what sets the Pathfinders apart from other HR leaders in navigating the future of HR:

Tackling the "S" in ESG

- Recognise **that inclusion, diversity and equity (IDE) brings great value** to the **organisation and its culture**.
- Recognise that **remote and hybrid work models broadens talent pool and accessibility to skills, which allows for new levels of innovation**.
- Recognise **that significant change occurs** when everyone in the organisation acknowledges their own biases and **adapts their behaviour in response**.

Adopting The "Total Workforce" Approach

- **Challenge existing approaches to talent management** and are embracing a **new "total workforce"** approach.
- **Tailor and personalise employee experiences** to result in employees providing exceptional customer service.
- Find more **creative, innovative and efficient** ways to **identify and fill skills gaps**.

Reimagining HR For The New World Of Work

- **Experiment with new ways of working and emerging technologies** to help employees adapt to disruption.
- **Strengthen decision making and communication** between leaders and the workforce via **continuous feedback**.
- Use **data to assess workforce performance** and **the total employee experience**.

Embracing The Shift To Focus On IDE

Tackling the “S” in ESG

Adopting The “Total Workforce” Approach

Reimagining HR For The New World Of Work

HR Pathfinders recognise that **Inclusion, Diversity And Equity (IDE)** brings great value to the organisation and its culture, and as such embrace the shift of focus on IDE by:

- 1 Using analytics to shape their IDE strategies**
Pathfinders are actively working on identifying hidden biases that may hinder work performance and retention of talents.
- 2 Taking on new ways to find talent**
Pathfinders are in search of talents outside of traditional recruiting sources and geographical hubs with diverse ideas and backgrounds to widen their talent pool for innovation.
- 3 Changing hearts and minds**
Pathfinders recognise that significant change occurs only if every member of the organisation acknowledges their biases and adapts their behaviour in response. Organisations are actively reassessing key leadership capabilities to encourage greater diversity in the workplace.

What is ESG?

ESG (**Environmental, Social, and Governance**) refers to the sustainability and impact of a company beyond that typically covered by financial reporting.



Rebuilding the Workforce with the 'Total Workforce' Approach

Tackling the "S" in ESG

Adopting The "Total Workforce" Approach

Reimagining HR For The New World Of Work

Leading HR organisations are becoming **more employee-centric, rethinking performance management, improving digital enablement** and **helping employees build the skills they need** – not only for today but for the years to come as well.

The employee-centric model

HR leaders are moving towards a more employee-centric culture. Establishing the right organisational culture and owning the employee experience are both key characteristics of HR Pathfinders.

The backbone of employee centricity

Leading-edge technology can provide the foundation for more employee-centric processes and seamless experiences.

Rebuilding the workforce

Reskilling and upskilling have become top priorities for the organisation and HR leaders are finding more efficient ways of identifying and solving skill gaps.

The new currency: skills and capabilities

Skills are constantly evolving. Organisations may be seeing fewer traditional competency frameworks and instead, the more frequent use of skills ontologies and tools like talent marketplaces.

The talent of "many" versus the talent of "one"

There is a shift in performance management as organisations recognise more and more that organisational performance is positively connected to teaming and collaboration. Traditional performance management may no longer be working with the new ways of working.

Reinventing HR

Tackling the “S” in ESG

Adopting The “Total Workforce” Approach

Reimagining HR For The New World Of Work

COVID-19 forced organisations to abandon their traditional thoughts on where and how work gets done. Leading HR organisations understand this and are able to reimagine their HR for the new world of work by understanding the following:

There’s no guide for HR leaders

- There’s no guide in this new reality as the solutions to the pandemic’s people-related issues are by their nature, **experimental**.
- HR leaders need to **be innovative and think outside the box** to identify and solve skill gaps.

The art and science of listening

- HR leaders are using **continuous feedback** to make informed decisions and create stronger communication between leaders and the workforce.
- Real-time pulses of the employee experience, coupled with predictive algorithms, can indicate potential experience gaps and talent risk.



The data-driven outlook

- Organisations have a **goldmine of data** and pathfinding HR organisations understand how to use it most effectively.
- HR pathfinders use a **marketing-like approach** to understand employees as consumers by **using data to personalise and streamline their experience**.

New skills for a new world

- **Future workforce planning** is becoming one of the top sought-after skills in HR
- **Scenario-based workforce planning**, powered by predictive analytics, helps organisations make informed decisions about the workforce size, makeup and capabilities they **need for the future**.



Bracing for the Road Ahead



Moving Malaysian Organisations to Become Pathfinders

The **Future Of HR 2021** global report shared powerful insights to what organisations can learn from **Pathfinders** to thrive in both the current and future unforeseen waves of disruption.

Whilst the journey towards being a Pathfinder will not be an easy one, we believe that **Malaysian organisations** can benefit tremendously from the combined insights from **the Twelfth Malaysian Plan** and **Malaysia's National Budget 2022** to **support and build on the three (3) key focus areas** that we have previously discussed:

- **Tackling the “S” in ESG**
- **Adopting The “Total Workforce” Approach**
- **Reimagining HR For The New World Of Work**

We will continue to explore the three (3) key areas and detail the relevant initiatives from Twelfth Malaysian Plan and Malaysia's National Budget 2022 that you can leverage on in the following pages.



Twelfth Malaysia Plan (12MP) At a Glance

The **Twelfth Malaysia Plan**, 2021-2025 (12MP) is a medium-term plan with the objective of achieving 'A Prosperous, Inclusive, Sustainable Malaysia'. 12MP aims to address current issues and at the same time restart and rejuvenate Malaysia's socioeconomic development for long-term sustainability and prosperity.

Three (3) Themes of 12MP:

**Resetting The
Economy**

**Strengthening Security,
Well Being and Inclusivity**

**Advancing
Sustainability**

Four (4) Catalytic Policy Enablers of 12MP:

1

**Developing
Future Talent**

2

**Accelerating
Technology
Adoption and
Innovation**

3

**Enhancing
Connectivity and
Transport
Infrastructure**

4

**Strengthening
The Public
Service**

How Organisations Can Leverage on 12MP To Become Pathfinders



Tackling the “S” in ESG

- **Empower women to play a more significant role in society by increasing economic participation** through home-based economic activities with employers providing childcare support.
- **Empower youth to acquire digital skills to increase employability.** Employers can leverage on this 12MP initiative to employ more youths to fill in digital-related roles or by revamping current roles to include more digital aspects to attract newer generation of talents.
- **Reintegrate and resettle ex inmates or parolees back into society** through enhancing strategic partnerships among employers and **smart internships** with the corporate sector, thereby **increasing opportunity to gain work experience and employability.**



Adopting The “Total Workforce” Approach

- Revision of Human Resource Development Corporation levy reimbursement mechanism to **support more training for low or semi skilled workers equip them with necessary skills with the emergence of 41R technologies.**
- **Enhance Returning Expert Programme (REP) mechanism by establishing a comprehensive talent database** to keep the government **better informed of available talents to identify and fill skill gaps.**
- **Enhance employment services portal** comprising features such as job matching through psychometric testing, opportunities for upskilling and reskilling.



Reimagining HR For The New World Of Work

- Promote **flexible working hours and adaptable working arrangements** to enhance work life balance. Private sectors employers are also encouraged to **provide paternity leave to support working parents.**



Malaysia's National Budget 2022 On a Page

The **Malaysia National Budget 2022**, themed '**A Prosperous Malaysian Family**', focuses on achieving a comprehensive recovery, encompassing all socioeconomic segments in the country and to strengthen business resilience and the health system in order to face the road ahead.

Furthermore, the Budget 2022 is aligned to the Twelfth Malaysia Plan (12MP) and was formulated as a continuation of the past economic assistance and stimulus packages, and equipped with new initiatives to deliver an inclusive, sustainable and balanced Budget 2022.

Let us look at the three (3) main focus areas and their respective strategies:

Rakyat's Well Being

- Restoring Lives And Livelihoods
- Cultivating *Keluarga* Malaysia
- Building A Conducive Living Environment

Resilient Businesses

- Revive Business Capabilities
- Driving Strategic Investments
- Recovery For Targeted Sectors

A Prosperous and Sustainable Economy

- Sustainability Agenda
- Bridging The Economic Gap
- Fiscal Consolidation And Revenue Sustainability
- Supporting Public Service Delivery

How Organisations Can Leverage on Budget 2022 To Become Pathfinders



Tackling the “S” in ESG

- **Employ women, graduates, gig workers, disabled persons, inmates, individuals under parole, orang asli and other vulnerable groups** through the **Jaminkerja employment incentives** to foster a **diverse and inclusive workforce**.
- **Recruit apprentices** whom are school leavers or graduates between **ages 18-30** for the eligibility of **RM900 allowance per month for a period of 6 months to alleviate unemployment rate and promote skills enhancement among youths**.
- **Appoint** at least **one female director in public listed companies to empower women’s role and strengthen their leadership capabilities in the workforce**.



Reimagining HR For The New World Of Work

- Encourage adoption of **flexible working arrangements** to increase women participation in workforce, especially for **single mothers and housewives**.
- Set up nurseries to **provide support and ease the burden of working mothers** as the **allocation of nurseries are mandatory in government buildings**.
- Refurbish and renovate business premises with **tax deductions up to RM300,000** to ease cost expenditure in complying with **relevant COVID-19 guidelines**.



Adopting The “Total Workforce” Approach

- Upskill and reskill employees through **training incentive programmes** to ensure employees are constantly **growing in their role or/and developing relevant new skills** that enables them to add value to their organisation.
- **Training incentive programmes** for a **wide range of skills** are provided by Human Resource Development Corporation (HRDCorp), Malaysia Digital Economy Corporation (MDEC), Ministry of Higher Education’s Professional Certification (KPT-PACE) and more.

Key Takeaways

Based on the findings from Pathfinders in Future of HR 2021, Malaysia Twelfth Plan (12MP) and Malaysia Budget 2022; here are the **key takeaways** for Malaysian organisations to prevail in this new reality:

Tackling the “S” in ESG

- Empowering females in the workplace by **encouraging employers to hire women**, especially **single mothers and housewives**.
- Empowering **women on Boards** by requiring **public listed companies** to appoint at least **one female director**.

Adopting The “Total Workforce” Approach

- Emphasise on **upskilling and reskilling** of the workforce to help employees **build the skills they need**, not only for today but for the years to come.
- Support upskilling and reskilling through **training courses**, especially for displaced workers due to automation.

Reimagining HR For The New World Of Work

- Practice **new ways of working** and **rethink the employee experience** to tailor to employee’s needs in the new reality.
- Encourage **flexible working arrangements (FWA)**, especially for single mothers and housewives.
- Allocation of **nurseries/ childcare facilities in the workplace**.

Moving Forward

By leveraging on initiatives from Malaysia Twelfth Plan (12MP) & Budget 2022, Malaysian organisations can **kickstart their Pathfinder journey** and lead their organisations to success by following the footsteps of Pathfinders in Future of HR 2021, as follow:



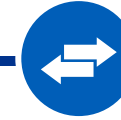
Build A Diverse And Inclusive Workforce And Culture

Leverage on remote/ hybrid work and use the opportunity to **create a diverse talent pool of different races, gender and nationality** that can help organisations **realise new levels of innovation** to meet evolving business needs of the future.



Upskill and Reskill For The Future

Constantly **upskill and reskill its workforce** to future-proof itself and prepare for a volatile business environment. With **lower cost training courses subsidised by the Malaysian government**, Malaysian organisations should not miss the opportunity to evolve **its workforce and learn new skills and capabilities** that will propel your organisation to thrive in the new reality.



Create Personalised and Tailored Employee Experience

Practice new ways of working and rethink employee experience to tailor to the needs of their workforce in the new reality. **Encouraging flexi working arrangements, providing nurseries in workplaces** and more will help organisations **better attract and retain talent** in our constantly evolving future.

As Malaysia's economy enters the recovery phase in 2022, Malaysian organisations must continue to be innovative, resilient and place its people as a top agenda to succeed in a post-COVID world. There is still a long road ahead, but with determination and innovation, organisations can reinvent the world of work and build the capability to survive and thrive in the future.



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