



# Culture and Capabilities

People and Change Advisory

[www.kpmg.com.my/pnc/culture](http://www.kpmg.com.my/pnc/culture)



## Get ready for the road ahead

Talent risk — talent attraction and retention – emerges as the key concern as future-thinking organizations navigate through the post-COVID era and reinvent their culture and capabilities.

### 5 reasons for reshaping

### Problem Statements

 <b>Need for Upskilling and Reskilling</b>	How can I equip my <b>people</b> with Future capabilities?
 <b>Flexible Work Culture as the New Norm</b>	How do I shape my culture to help my <b>people</b> transition to flexible work arrangements?
 <b>Demand for Better ESG practices</b>	How can I better equip my <b>people</b> with ESG capabilities and behaviors?
 <b>The New Workforce: Gen Z and Millennials</b>	How can I appeal to younger <b>people</b> as an organization?
 <b>The Great Resignation</b>	How can I make my organization competitive in the market to retain my <b>people</b> ?

Insights published in KPMG’s report [Future of HR: The Road Ahead for Malaysia](#) reveal that traditional thoughts and methods no longer work and thus, future-thinking organizations must be able to reimagine and reinvent human resources (HR) to address talent risks.

It helps organizations to make informed judgments about culture and capabilities and evaluate if any changes are required to strengthen the organization’s resilience.

79%

of executives rank culture as a “top 5” factor among all the things that make their company valuable.

*(Source: Making culture transformation happen, 2020)*

90%

CEOs believe that improving culture would improve the value of their company.

*(Source: KPMG Future of HR Purpose and Culture, 2018)*

97%

of companies in Asia reported a significant skill gaps in their organization.

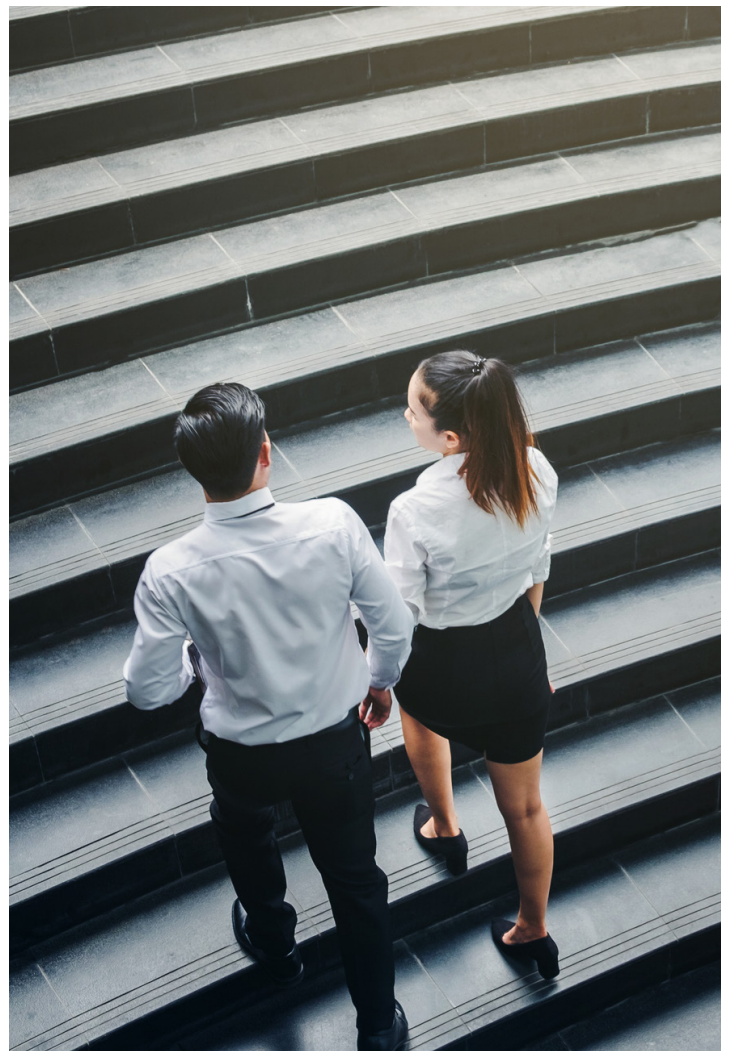
*(Source: Mercer's Global Talent Trends Study, 2022)*

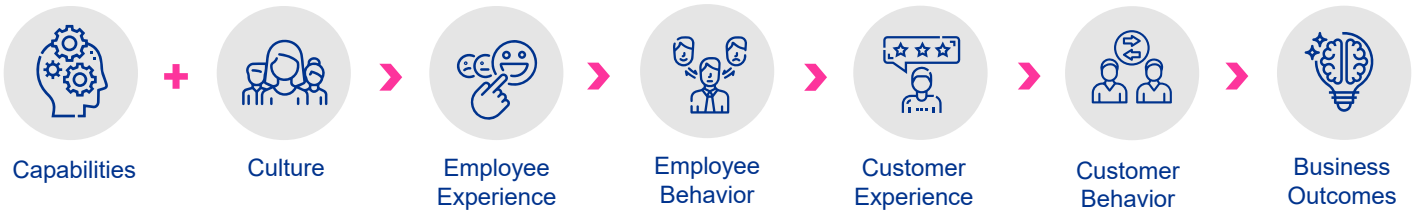
## Employee Experience, Culture & Capabilities

Employee Experience (EX) is defined as the employee's holistic perception of his or her relationship with the organization derived from all the touchpoints along his or her employment journey from pre-employment to post-employment. It is a human-centric approach instead of the traditional paternalistic approach to create personalized authentic experiences that will ultimately strengthen business outcomes.

Building the right behavioral capabilities helps to shape the right company culture, which in turn creates positive employee experiences (EX).

As culture involves how people think, behave and feel about the organization, having the right behavioral capabilities is imperative in influencing how employees perceive the organization throughout their entire employee lifecycle and day-to-day activities. High-performing organizational cultures and capabilities focusing on EX are likely to see higher employee morale, commitment, productivity, efficiency, tenure as well as better physical and emotional well-being. As such, employees with positive EX are more likely to adopt the organization's values and beliefs and translate them into behaviors that are beneficial to the organization. In short, culture, capabilities and employee experience (EX) work together to determine business outcomes.





Culture and capabilities are interconnected in an organization. Both culture and capabilities are centered on an organization's values and strategy in driving business outcomes.

## Culture

- Comprises of shared basic assumptions that underpin behaviors, values and norms.
- Determines how an organization operates and responds to internal and external challenges. Every organizations has its own unique culture, shaped by its employees and practices.



Culture as the strategy enabler



Culture impact's identity & belonging



Culture creates a competitive advantage.



## Capabilities

- Refer to a bundle of knowledge, skills, attitudes and values that contribute to high performance.
- Map both the current and future skills of the organization, designed to be well-equipped for the future market challenges.



Capabilities help to identify critical behaviors that lead to high performance



Capabilities are measurable and possible to develop



Capabilities help employees understand what they need to do to succeed in their jobs and careers

## KPMG's Culture & Capabilities Assessment

Our Culture and Capabilities Assessment is a diagnostic tool that evaluates workplace culture and behavioral capabilities. It helps organizations make informed judgments about their culture and capabilities and evaluate if cultural transformation and elevating capabilities are required.

KPMG's assessment model leverages on four parameters: Leadership, Beliefs & Values of Organization, Structure, Systems & Processes, and Employee Orientation, to understand and analyze how culture and capabilities impact your organization and your business objectives.



## Leadership

The role top executives and senior leadership play in setting and communicating expectations and how strategy and direction influence culture in the workplace.

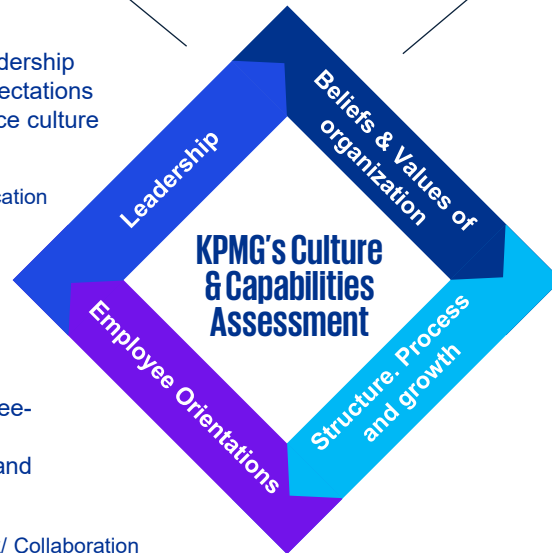
- Decision Making
- Open Communication
- Strategy Alignment
- Feedback



## Employee Orientations

An organization focuses on an employee-centric approach to promote employee development, employee engagement and attract top talent.

- Rewards and Recognition
- Teamwork/ Collaboration
- Reskilling and Upskilling
- Accountability



## Beliefs & Values of organization



Beliefs and values drive an organization forward and define its identity. Having a shared sense of value across the organization encourages desired behaviors.

- Mission and Vision
- Ethics & Integrity
- Core Values
- Equality

## Structure, Process and growth



To maintain a competitive advantage and a good reputation, an organization is required to constantly revise its business operation, administration and strategy.

- Policies and Regulation
- Office Space and Layout
- Performance Management System
- Digital Tools and Resources



## Claim a complimentary diagnostic assessment of your organization's culture and capabilities

Scan this code now and our professionals will be in touch, or email [pnc@kpmg.com.my](mailto:pnc@kpmg.com.my) to request for a bespoke consultation.

**Note:** KPMG's Culture & Capabilities Assessment will be based purely on information provided by you. All data submitted will be kept private and confidential. Based on the information you provide, KPMG's People & Change Advisory team will produce an indicative gap analysis of your current HR practices compared to KPMG's Culture & Capabilities Assessment.

The resultant report will be of a general nature and is not intended to address the circumstances of any particular individual or entity or circumstances. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

## Connect with us

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.



**Abhishek Kumar**  
Partner – Business Transformation Advisory, KPMG in Malaysia  
E: [abhishekkumar30@kpmg.com.my](mailto:abhishekkumar30@kpmg.com.my)



**Sharmini Ann Jacob**  
Executive Director People and Change Advisory, KPMG in Malaysia  
E: [sharminijacob@kpmg.com.my](mailto:sharminijacob@kpmg.com.my)



**Mageswaran Appavoo**  
Associate Director People and Change Advisory, KPMG in Malaysia  
E: [mappavoo@kpmg.com.my](mailto:mappavoo@kpmg.com.my)

[www.kpmg.com.my/pnc/culture](http://www.kpmg.com.my/pnc/culture)



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