

Translating RMK-13 into people impact

What does it mean for organizations?

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Malaysia is entering a decisive period of transformation

Malaysia stands at a crossroads, with its economical and social landscape being reshaped by intensifying global competition, rapid technological disruption, demographic shifts and rising cost-of-living pressures. These forces present both challenges and opportunities, underscoring the need for Malaysia to enhance its competitiveness while embedding resilience and inclusivity at the core of its long-term growth trajectory.

The Rancangan Malaysia Ke-13 (RMK-13) sets a forward-looking agenda for 2026-2030.

With a central focus on inclusivity, economic resilience and sustainable growth, RMK-13 outlines a **people and workforce agenda** designed to meet the demands of the rapidly evolving **Digital** and **Green** Economy, as follows:



Raising skills



Expanding participation



Aligning talent

For business leaders, awareness is no longer sufficient – it is time to move from insight to impactful actions. Organizations must take bold steps to navigate shifting workforce dynamics, rising compliance expectations and heightened talent pressures. Those that move early will be best positioned to capture the opportunities unlocked by the RMK-13. In this paper, we outline the implications and practical steps for organizations ready to lead the nation's next chapter of growth.

People issues highlighted from RMK-13

Malaysia's long-term competitiveness relies on the strength and adaptability of its human capital. The RMK-13 highlights workforce readiness and well-being as central to both organizational performance and national progress.

The people agenda can be framed into two perspectives: talent as a driver of economic growth, and well-being as the foundation for sustainable participation. Building on the people-related strategies outlined in RMK-13, three strategic workforce themes are identified to guide organizations:

Economic development perspective

- Skills shortages and low graduate employability
- Slow adaptation to structural economic shifts
- Limited workforce capacity within Micro, Small and Medium Enterprises (MSMEs)
- Stagnant productivity growth
- Less competitive labor market

People's well-being perspective

- Education system gaps
- Ageing population
- Healthcare access and quality

Strategic workforce themes

Human capital and labor market

To equip the workforce with relevant skills and opportunities

Technology and industrial transformation

To align talent with emerging digital and green industries

Household income and economic well-being

To address inclusivity, competitiveness and sustainability in the labor market

Key theme 1: Human capital and labor market

The RMK-13 provides a national framework to strengthen local talent pipelines, reduce reliance on low-skilled foreign labor, and align education more closely with industry needs. Malaysia's workforce challenges are central to RMK-13's strategic priorities, which aim to address talent shortages and build long-term economic resilience.

RMK-13 summary

Persistent talent shortage constrain Malaysia's growth, particularly in:

- Digital transformation
- Advanced manufacturing
- Green economy transition

These **talent gaps** limit innovation and leave industries struggling to fill high-expertise roles.

RMK-13 response:

- Elevate workforce development as a national priority.
- Drive TVET reform, lifelong learning, and industry-led upskilling.
- Build a professional talent base for a high-value, knowledge-driven economy.

KPMG's perspective

Sustainable adaptation to disruption demands more than policy alignment; it requires **workforce agility, inclusive HR practices, and leadership development**.¹ Consider:



Workforce planning

Anticipate talent needs and align with long-term strategies.



HR recalibration

Strengthen policies, wage structures and Employee Value Propositions (EVP).



Talent management

Embed continuous learning and succession planning.



Organizational agility

Reinforce culture, capabilities, and HR practices to sustain competitiveness.

These actions position organizations to lead confidently through disruption and build the resilience needed to thrive in a rapidly evolving economy.

Key theme 2: Technology and industrial transformation

As Malaysia sets its sights on becoming a high-income nation, RMK-13 underscores the urgency of addressing structural constraints that hinder competitiveness. The plan outlines strategies to upgrade industries, close skills gaps, and leverage technology as key enablers of productivity-led growth.

RMK-13 summary

Malaysia's industries face a dual challenge:

- Low productivity
- Less competitive labor market

These constraints, alongside **uneven technology adoption** and **persistent skill mismatches**, have delayed the country's climb up the value chain and limit its ability to capture higher-value opportunities.

RMK-13 response:

- Industrial upgrading
- Modernization of TVET
- Rapid push into digital and AI solutions

KPMG's perspective

While the pace and nature of transformation will vary, a common thread is the growing pressure on businesses to embrace digital adoption and integrate sustainability principles.

As explored in our whitepaper on **Embracing AI and ESG**,² organizations that align digital adoption with sustainability imperatives stand to unlock long-term growth and resilience.

We believe that the benefits of embracing this transformation are clear. Organizations need to invest in:

- **Reskilling and upskilling** their workforce
- **Aligning talent** with evolving industry needs
- **Embedding effective change management practices** to enable the smooth adoption of new technologies and skillsets

Taken together, these steps will not only close persistent skills gaps but also open new growth opportunities in an increasingly competitive economy.

Key theme 3: Household income and economic well-being

Malaysian households are facing mounting pressures from the rising cost of living, which weakens disposable income and poses risk to social inclusivity. RMK-13 acknowledges these challenges and highlights the need to strengthen preparedness for an ageing population, which raises concerns around care infrastructure, retirement adequacy, and long-term well-being.

RMK-13 summary

- The rising cost of living is putting pressure on household disposable income and challenging social inclusivity.
- Limited preparation for an ageing population raises concerns around talent development, retirement adequacy, and well-being.
- Labor compensation is targeted to reach **40% of GDP by 2030**.

RMK-13 response:

- Raising the minimum wage
- Reviewing the Retirement Age Act

KPMG’s perspective

These demographic and economic shifts extend beyond social concerns. They have direct implications for business imperatives.

Organizations need to:

Adapt workforce strategies, benefits, and value propositions in line with national priorities.

- Review **compensation frameworks**.
- Evolve EVP beyond pay, embedding total rewards, flexibility, and well-being support.
- Recalibrate workforce policies to include retirement planning and benefits **for an ageing population**.

Addressing these demographic and economic realities can help organizations rethink how they support, reward, and sustain their people, turning national priorities into opportunities for resilience and long-term competitiveness.

1. KPMG in Malaysia, [Future-ready workforce: Driving organizational agility through culture and capability](#), 2025

2. KPMG in Malaysia, [Embracing AI and ESG through People Transformation](#), 2025

3. Ministry of Economy, [Rancangan Malaysia Ketiga Belas \(2026 – 2030\) Melakar Semula Pembangunan](#), 2025

How KPMG can help

The implications of RMK-13 are significant. It outlines the ambitious agenda with far-reaching implications for organizations, laying the foundation to build a future-ready workforce, accelerate industrial transformation, and strengthen household prosperity. For organizations, the key question now is how to translate these national priorities into actionable strategies across talent, digital adoption, and sustainable growth.

At KPMG, our People & Change team works with organizations to translate RMK-13 priorities into actionable strategies, that aligns with Malaysia’s national development agenda. Drawing on strategic insight and practical experience, we help organizations navigate disruption and build the agility and resilience needed to thrive in a rapidly evolving environment.



Organizational design

Realigning organizational structures to meet evolving business needs, while embedding governance and compliance into the design.



Workforce optimization

Strengthening strategic workforce planning to determine the optimal workforce and anticipate future capability needs.



Talent management

Refining total rewards and policies to strengthen employee value propositions and support long-term workforce sustainability.



HR transformation & change management

Transforming HR functions into strategic culture shapers that foster agility and empower organizational change.

By aligning talent strategies and fostering continuous learning, businesses can build resilience, spur innovation, and sustain growth beyond the RMK-13 period.

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