

Future-ready workforce: Driving organizational agility through culture and capability

KPMG in Malaysia

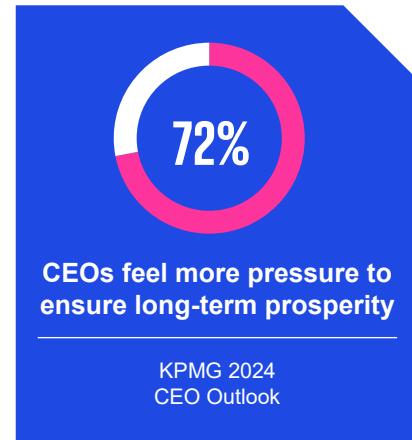
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Unlocking value in organizational agility

In today's fast-changing business environment, 72% of global CEOs report increased pressure to ensure their organization's long-term success¹. This has accelerated the shift toward organizational agility—the ability to respond swiftly to market changes, customer needs, and new opportunities.

Organizational agility is no longer just a response to disruption but a strategic enabler of sustained growth. It helps businesses remain resilient, align with evolving trends, and build a workforce ready for the future. To drive this transformation, leaders must focus on the cultural and capability shifts needed to embed agility across the organization. To enable this transformation, organizations must understand the key drivers that support and sustain agility at every level:



Key Drivers of Organizational Agility:

These three key drivers are interdependent, each reinforcing the other to form a strong foundation for organizational agility.

1

Cultivate an Agile Culture

Establish a foundation of an agile organization by fostering a growth mindset within the organization and personifies leaders that champion agile principles.

2

Develop Agile Capabilities

Empower the workforce with the right capabilities such as innovation, problem solving, resilience, adaptability and technology proficiency.

3

Implement Agile HR Practices

Re-define conventional HR practices and implementing agile practices in recruitment, talent & performance management and HR analytics.

1. KPMG International, [KPMG 2024 CEO Outlook](#), September 2024

Key driver 1: Cultivate an agile culture

Cultural transformation demands a shift from traditional mindsets to one focused on continuous learning through trial and error as agile teams act decisively, adapt quickly, and treat obstacles as opportunities for growth. Translating this mindset into everyday practice requires clearing internal barriers to cultivate a culture of shared purpose and teamwork, positioning organizations that embrace change for long-term success.

By breaking down silos and fostering cross-functional teamwork, organizations empower high-performing teams to operate with autonomy and clarity. These teams align around shared goals and deliver with purpose, creating a workforce that thrives amid constant change. Through strong leadership and the right mindset, agility is no longer a value, but a way of working.



Once the cultural groundwork is laid, leadership and mindset become the critical levers that turn intention into action as follow:



Leadership that sets the pace

Agile transformation starts with leaders who set the pace **through clear communication, openness to feedback, and responsiveness to change**. When leaders guide rather than control, flexibility becomes the norm. Yet many still rely on rigid hierarchies that slow decisions and stifle initiative. **True agility demands leaders who trust their teams and empower autonomy to drive progress.**



A Mindset that moves forward

With strong leadership, employees gain the confidence to **embrace change, think beyond boundaries, and treat mistakes as learning**. But many organizations lack psychological safety and limit innovation through rigid roles. Agility thrives in cultures that encourage curiosity and embed continuous learning into daily work, driving growth through collaborative efforts.



Empowering organizational agility

When leadership and mindset align, agility becomes how work gets done. **Teams move with purpose, collaborate effortlessly, and act quickly**. As silos dissolve, shared goals drive connection and enhance productivity. This is where **agility boosts performance and resilience, equipping leaders to navigate challenges and lead with impact**.

Key Driver 2: Develop agile capabilities

A culture of continuous learning provides the foundation for building the capabilities needed to stay competitive and adaptable. By fostering flexibility and empowering teams to respond effectively to change, organizations can strengthen agility through four core capabilities:

Innovation & problem solving

Encourage **creative thinking to solve complex challenges and strengthen this approach through feedback loops, testing cycles, and cross functional collaboration**. These processes will help teams to refine ideas, foster learning, and drive continuous improvement.

Adaptability

Building adaptability involves **anticipating market shifts, responding quickly to disruptions, and pivoting when necessary**. This capability can be empowered by access to real time data for timely decision making and a proactive mindset that helps teams stay ahead of change rather than reacting to it.

Resilience

Build the capacity to **absorb shocks, recover quickly, and emerge stronger from setbacks**. This is supported by a growth mindset, continuous learning, flexible work systems, and a culture that embraces failure as a source of insight.

Technology proficiency

Leverage digital tools such as **artificial intelligence (AI), automation, and cloud platforms**, to enable real-time decision making, streamline workflows, and **enable teams to respond to change with greater confidence and precision**.

Key Driver 3: Implement agile HR practices

To sustain organizational agility, HR must go beyond support functions and actively drive change. By adopting agile practices, HR can help organizations respond swiftly to market shifts and evolving workforce needs. At its core, agile HR is about sensing market trends early and adjusting direction promptly and appropriately. **These are some examples of agile HR practices:**



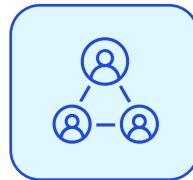
Agile recruitment



Agile performance management



Agile talent mobility



Agile employee experience



Agile HR analytics

01

Agile recruitment

Focus on skill-based hiring by **emphasizes on competencies required to perform the role successfully rather than the required years of experience or educational background.** This broadens access to diverse talent and aligns hiring with role-specific performance needs.

04

Agile employee experience

Empower employees with up-to-date digital tools supports agility and further drive productivity. Additionally, **involve employees in decision making** by garnering their feedback is vital in enhancing employee experience.

02

Agile performance management

Replace conventional annual/ bi-annual performance reviews with **real-time and upward feedback.** This enables employees to **immediately identify areas of improvement and plan targeted interventions.** Additionally, this helps to strategically prepare targeted potential leaders for critical roles, thereby **enhancing succession planning.**

05

Agile HR analytics

Leverage data to **forecast and analyze potential people risks** such as attrition rate or skills gaps. Use them to guide timely and proactive interventions to sustain organizational agility. These insights will also aid in **identifying trends and evaluate HR effectiveness.**

03

Agile talent mobility

Internal talent marketplace is a dynamic platform that leverages on algorithms to strategically align workforce capabilities with the business needs. This provides internal and global mobility opportunities within an organization, based on employees' career goals or capabilities. This also creates an agile talent pipeline as organizations gain more insights on employees' capabilities and empower them to be placed in the right roles.

How KPMG can help



Whilst organizational agility is a desired way forward for organizations to build a future-ready workforce, it must be strategically implemented. Without the right foundation, it may bring about some challenges, for instance, resistance to change when both employees and leaders are comfortable and familiar with the current processes, cultural misalignment when the existing culture fails to uphold the principle of agility, further hindering agile initiatives, and persisting skill gaps as working in an agile manner often require new capabilities and mindsets.

Hence, it is essential for organizations to embed agility into both culture and capabilities. Organizations that do so are better positioned to adapt, innovate, and grow sustainably.

In assisting organizations to embrace and drive organizational agility, KPMG's People & Change team offers their collaborative expertise through:



Training plan and strategy to build critical skills and promote continuous learning aligned with evolving business needs.



Strategic direction setting for Talent Management and Performance Management through comprehensive frameworks that foster flexibility, internal mobility and continuous development of organizational agility.



Comprehensive skills assessment to identify the current gaps as well as reskilling and upskilling needs to equip employees with the right competencies needed for current and future roles.



Change Management Strategy to assist organization in successfully implementing change including facilitating clear communication and fostering employee engagement towards the desired outcome.



Succession planning to identify potential successors which is crucial to facilitate organizational agility through leadership continuity.

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