



PwC's Global Culture Survey 2021 (Malaysia report)

The link between culture and
competitive advantage | August 2021

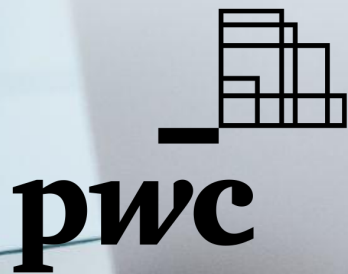




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Introduction, key findings and report summary





Introduction

If organisations ever underestimated the value of positive workplace culture, the pandemic unexpectedly became the catalyst that compelled them to reassess their views.

Indeed, the events of the past year and a half have made it clear that culture isn't tied to an office. Never has this been more evident. With organisations having to adapt to change, a healthy culture has proven to be a source of strength that enabled the transition from working in the office to working from home. Without it, it's hard to imagine employees staying motivated and productive, and how teams - physically apart - can keep their workplace sense of community alive.

To explore how culture has influenced work experiences in the context of COVID-19, we sought the views of 3,200 individuals worldwide. Their responses are captured in our Global Culture Survey 2021, prepared by the Katzenbach Center, the institute for culture, leadership and teaming at Strategy&, PwC's strategy consulting group.

In Malaysia, 258 participants across different industries and job levels responded.

Our report found that culture can be an ally, and organisations that get the recipe right will be rewarded with competitive advantage. But it's not always easy. Challenges such as a mismatch of views between senior management and employees can hinder effective culture change from taking place. And if the pandemic has taught us anything, it's that culture cannot remain stagnant. It must evolve.

From the insights gathered in this report, we make the case that culture is an asset organisations cannot ignore, and provide suggestions on what organisations can do to encourage the practice of behaviours and mindsets that would be critical to supporting business objectives.



Key findings and report summary

Workplace culture needs to evolve



63%

of Malaysian respondents think their organisation has a distinctive culture that sets them apart from competitors



86%

of Malaysian respondents say their organisation's culture must evolve in the next three to five years for them to succeed, grow, and retain the best people

- Culture can improve employee motivation and productivity, and Malaysian respondents appear to recognise its value.
- However, many respondents believe their organisation's culture needs to evolve over the next few years for them to improve their competitiveness.

Organisations should:

- Identify and focus on a 'critical few' behaviours that would help them achieve their business objectives.

Leaders and employees have opposing views on culture



75%

of senior management respondents in Malaysia believe they are role modeling purpose, values and culture in their organisation.

Only **52%** of employees agree.



80%

of senior management respondents in Malaysia feel connected to their organisation's purpose.

Only **57%** of employees feel the same.

- Among Malaysian respondents, leaders and employees don't see eye to eye on several areas that contribute to culture, in particular, senior management's performance as the walking embodiment of their organisation's purpose, values and culture; the connection to purpose; and the sense of being supported and motivated, among others.
- This authenticity gap needs to be addressed as culture plays a key role in bringing purpose to life and in supporting successful change initiatives.

Organisations should:

- Help employees understand how their work links to purpose.
- Improve two-way communication between leaders and employees. Employee pulse check surveys may help with gauging sentiments.
- Coach managers in adopting behaviours that lead to positive culture, as they work closest with team members, giving them influence over the sustainable delivery of high-performance.

Key findings and report summary (cont'd)

Culture is an ally in facing adversity



75%

of Malaysian respondents say they had the ability to adapt quickly to respond to change as necessary over the past year.



69%

of Malaysian respondents think that their workplace culture has been a source of competitive advantage throughout the COVID-19 pandemic

- COVID-19 has caused revenue/profits to decrease and consumer behaviours to change, but Malaysian respondents show confidence in their ability to adapt, with many saying culture has been a source of competitive advantage.
- But ways of working such as delivering results, maintaining a sense of community among colleagues, and coaching talent require immediate attention, areas which if not addressed, could impact organisational resilience.



39%

of Malaysian respondents say employee satisfaction decreased as a result of the pandemic



87%

of Malaysian respondents say their current business models need to change

Organisations should:

- Look into updating their business models, where it pertains to their operations/processes, products and services, workforce.
- Assess what support their people may need if they are working in the office and/or from home, considering factors like safety, technology, training, flexibility. This would help improve the overall employee experience.

Malaysians are motivated to learn new skills



86%

of Malaysian respondents say they are motivated to learn new skills to support their organisation's success

- In our new world, employees need new skills to meet the needs of more digitally-inclined customers. How well they upskill will be a factor in determining business success.

Organisations should:

- Implement an upskilling or reskilling programme, as this may help close the skills gaps within the organisation while bringing out the few 'critical behaviours' that will lend to innovation.





Workplace
culture needs
to evolve



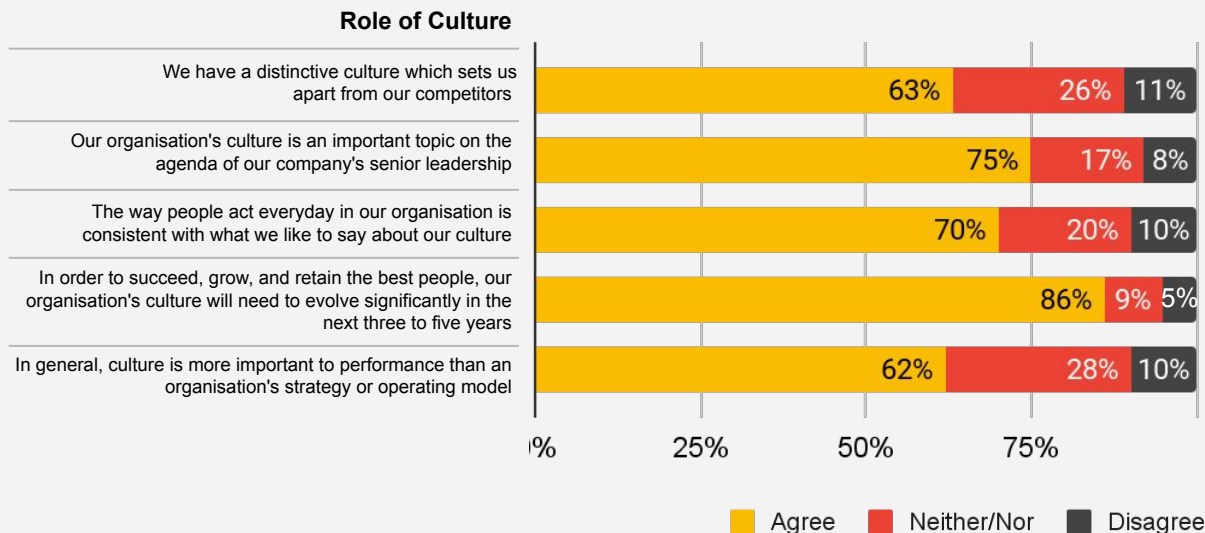
Malaysians acknowledge the importance of workplace culture

Every organisation has that quality, that informal code that tells you what's acceptable to say or do in the workplace, and the words and actions that will be frowned upon. It's intrinsic to the organisation, and though you might not always 'see' it, you can feel it. That's culture.

Put [simply](#)¹, culture is a self-sustaining pattern of behaviour, its components comprising instinctive, repetitive habits and emotional responses. If people are an organisation's greatest asset, then it stands to reason that culture should be a valuable commodity too.

In Malaysia, organisations appear to understand the pivotal role of culture, with 75% of respondents saying it's an important topic on the agenda of their organisation's senior leadership. More than half (63%) also agreed that their distinctive culture sets them apart from their competitors.

Considering how organisations can help their people successfully adapt to change, please indicate the extent to which you agree or disagree with the following statements about your organisation.



Indeed, culture is interlinked with business success, as it's the underlying force that boosts employee motivation and productivity, resulting in the delivery of greater value to customers.

While culture has always been foundational to every workplace, its present importance against the backdrop of uncertainty brought about by COVID-19 cannot be overstated. As organisations are well aware, the pandemic has thrown the workplace into a state of flux, where remote working has taken centre stage, and might even be [here to stay](#)².

The change in workplace models will have an impact on culture, having a bearing on how people interact with each other, their demands for greater flexibility, and employee wellbeing, the neglect of which could lead to unintended consequences like [burnout](#)³, owing to the blurring of boundaries between people's work and off-work hours.

This is why culture cannot remain stagnant. As employees adapt to change and grow with the times, so too must culture.

To succeed, culture must continue to evolve

In our [last survey](#)⁴ released in 2018, 80% of global respondents said their organisation's culture needed to evolve in the next three to five years for them to succeed, grow, and retain the best people. In that time since, organisations globally appear to have translated that belief into action, as we see a slight decrease in this year's findings (71%).

Locally, however, the figure is high, standing at 86%. This may provide us an indication of organisational readiness culture-wise in adapting to the new normal. In fact, in our 2020 report '[Digital resilience in a new world](#)'⁵, only 41% said their organisational culture already supports and empowers employees to work outside the office should the need arise.

¹10 Principles of Organisational Culture, Strategy + Business, 15 February 2016

²Hopes and Fears Survey 2021 (Malaysia report), PwC Malaysia, April 2021, Pg. 15

³Hopes and Fears Survey 2021 (Malaysia report), PwC Malaysia, April 2021, Pg. 21

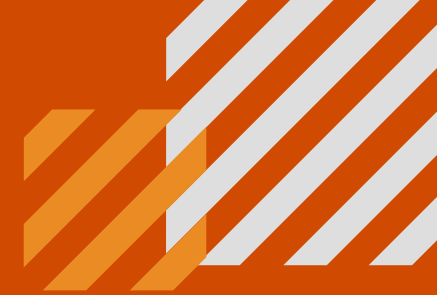
⁴Global Culture Survey 2018, Strategy&, PwC

⁵Digital resilience in a new world, PwC Malaysia, July 2020, Pg. 17

It also suggests that more effort needs to be put into aligning culture with shifting behaviours and trends, which are ever changing. This would be key to increasing workplace attractiveness, where a strong culture becomes the linchpin of victory in the war for talent. Because as our [global study](#)⁶ has found, organisations with a distinctive culture report seeing improved employee and customer satisfaction, not to mention the ability to recover quickly from challenging situations like COVID-19.

The work on moulding culture should continue even after the pandemic ends, as developments around technology and environmental, social, and governance (ESG), among others, will continue to disrupt our business landscape for years to come. To do this, organisations should focus on a 'critical few' behaviours, that is, the "[patterns of acting that are tangible, repeatable, observable, and measurable](#)"⁷ which ultimately enable the organisation to achieve their business objectives. These are behaviours that when practised by a large enough pool of employees, may alter performance for the better. For example, if an organisation is expected to consistently come up with innovative products but teams work in silos, what steps can be taken to foster greater teamwork and collaboration? Perhaps weekly meetings could be encouraged, or the organisation could introduce the use of more collaborative tools.

No doubt culture cannot be changed overnight, and it would take time for new behaviours to take hold. That's why organisations need to start early in identifying their goals and expected outcomes. The sooner they do this, the sooner the habits and mindsets formed become a natural characteristic of the organisation.



86%

say their organisation's culture must evolve in the next three to five years for them to succeed, grow, and retain the best people.



Key takeaways



Culture impacts employee motivation and productivity, and it needs to evolve in line with changing times if organisations want to succeed, grow, and retain the best people.



Organisations should identify and focus on a 'critical few' behaviours that will enable the type of desired change instrumental in achieving business goals.



The strength of culture - an organisation's DNA - can be assessed, which is important to do, so organisations can fix problem areas and unleash their people's full potential.

⁶Global Culture Survey 2021. PwC, 2021. Pg. 8

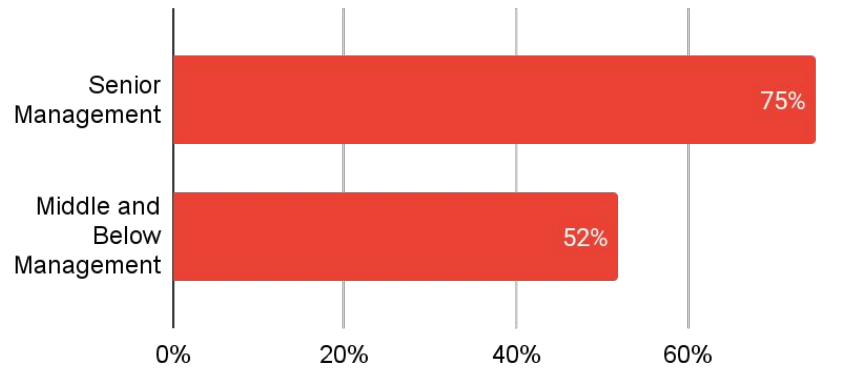
⁷Getting to the Critical Few Behaviors That Can Drive Cultural Change. Strategy + Business, 22 May 2017

Leaders and
employees
have opposing
views on
culture



Culture in action - Perception vs reality

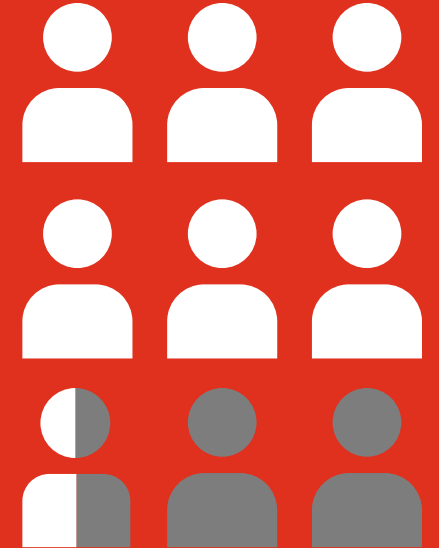
Please indicate to what extent you agree or disagree with the following statements. "Our leadership team consistently role models our purpose, values and culture (they 'walk the talk')"



Senior, Middle and Below Management who agree

75%

of senior management respondents in Malaysia believe they are role modeling purpose, values and culture in their organisation, but only 52% of employees agree.



Our survey reveals that 75% of Malaysian leaders (vs. 68% globally) believe they "walk the talk" in terms of role modeling their organisational purpose, values and culture. However, only 52% of Malaysian employees (vs. 55% globally) agree.

Similarly, while 80% of Malaysian leaders feel connected to their organisation's purpose, only 57% of employees feel the same. This discrepancy is a point of concern, as [purpose](#)⁸ should be the bedrock of any organisation, the compass that guides decision making. Purpose gives meaning to the work that employees do, and imbues them with a deeper understanding of how their work contributes to the overall value they're delivering to the organisation and subsequently their customers.

As a significant number of [Malaysians](#)⁹ want to work for purpose-driven companies, leaders will need to work on addressing the gap between perception and reality.

Leaders set the direction for their organisation, and being at the top of the organisational hierarchy naturally results in them being viewed as role models. It's a significant role to play, because the decisions they make could either weaken or strengthen their people's belief in whether or not purpose really is at the heart of the business.

Key here is communication. Often what employees need are clarity of expectations, and a better understanding of how their roles or leadership decisions connect with business objectives. This may be addressed by hosting frequent organisation-wide meetings to share more about organisational performance, for example, or even regular email communications from the organisation's CEO that covers relevant updates.

⁸Putting Purpose to Work: A study of purpose in the workplace. PwC. June 2016. Pg. 5

⁹Hopes and Fears Survey 2021 (Malaysia report). PwC Malaysia. April 2021. Pg.26

By being transparent, leaders can address concerns while effectively demonstrating their commitment to purpose.

But communication should go both ways. A top-down approach may prove necessary in conveying the strength of an organisation's leadership, but leaders also need to listen. Welcoming employees to voice their opinions gives them the opportunity to be part of something bigger, and could yield valuable insights for the business. This bottom-up approach would not only build trust - strengthening the bond between leaders and employees, and employees and the organisation - but also provide leaders with an indication of current sentiments.

The outcome would be the creation of a better employee experience¹⁰, which isn't about providing free snacks¹¹ or game rooms, but one that motivates employees to perform their best at work.

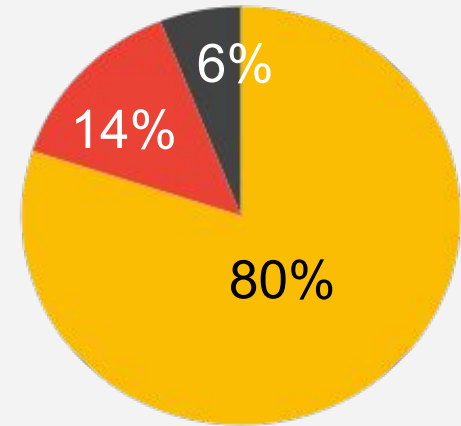
For this reason, closing the gap between leadership and employees would be fundamental to strengthening culture - the spark that brings purpose to life.

¹⁰The employee experience: Helping people get excited to do their best at work. PwC
¹¹Improving company culture is not about providing free snacks. Strategy + Business. 31 July 2017

Please indicate to what extent you agree or disagree with the following statements.

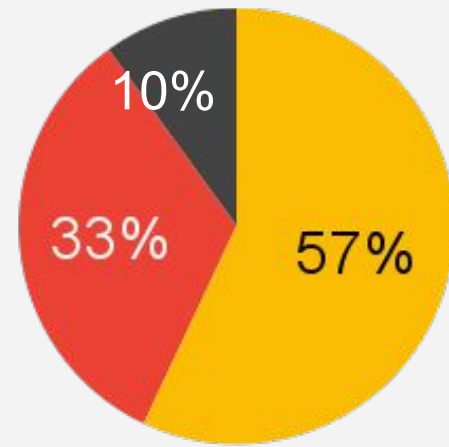
I feel a personal connection to our organisation's purpose

Senior Management



- Agree
- Neither/Nor
- Disagree

Below / Middle Management



- Agree
- Neither/Nor
- Disagree



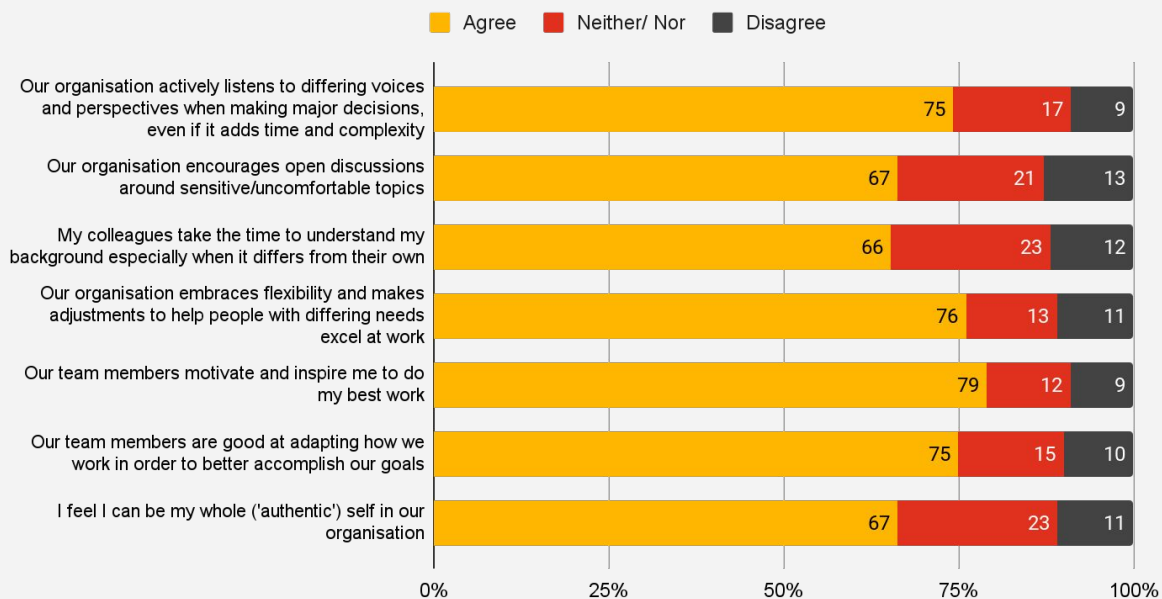
Culture of teamwork, and diversity and inclusion found wanting

On average, Malaysian employees do not feel as heard, understood, connected, supported, and motivated, as much as their leaders do. For instance, while 75% of leaders believe their organisation actively listens to differing voices and perspectives when making major decisions, even if it adds time and complexity, only 48% of employees agree. There's also a difference in opinion on the effectiveness of the organisation in encouraging open discussions around sensitive/uncomfortable topics.

For employee experience to be positive, there needs to be a culture underpinned by diversity and inclusivity, where everyone can be their whole ('authentic') self, and where speaking up will not be met with negative reactions. As mentioned before, leaders are role models, so it is incumbent upon them to set the tone for what workplace behaviours and practices would be deemed acceptable. If leaders were to have an open door policy, for instance, signalling to employees that they are welcome to share ideas or feedback, then that practice would likely trickle down to the rest of the organisation. Which shines a light on the role of middle management (next page).

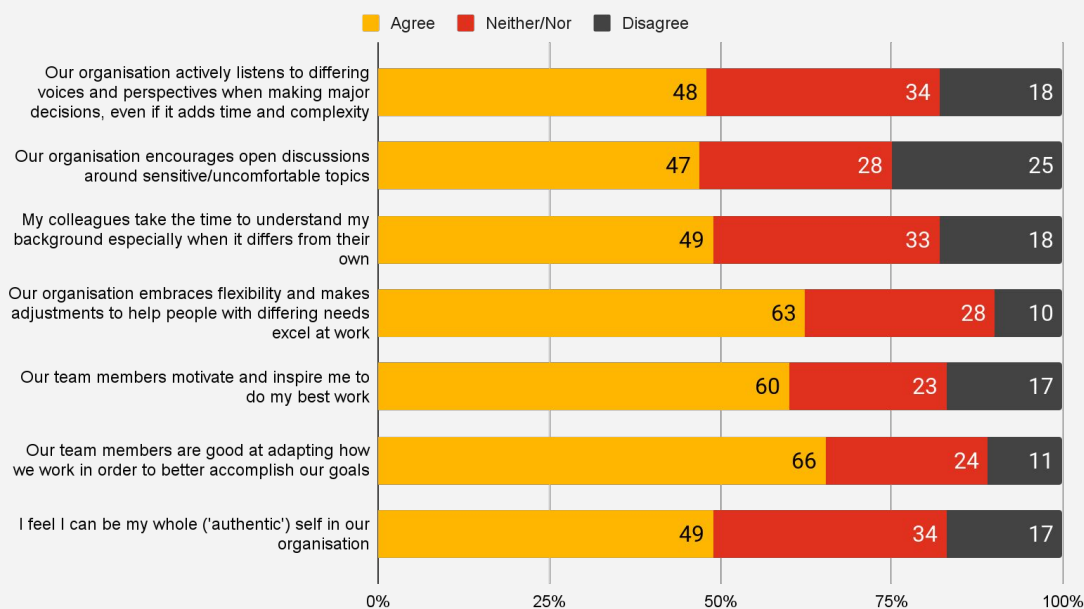
Please indicate to what extent you agree or disagree with the following statements.

Senior Management



Note: Total percentage may not add up to 100 due to rounding

Middle & Below Management



Note: Total percentage may not add up to 100 due to rounding

Managers, too, are responsible for seeing to it that a culture conducive to the sustainable delivery of high-performance - one where both productivity and wellbeing take a front seat - is activated across their teams. Why? Because while leaders can exemplify the practices they'd like to see adopted, it's managers who work closely with team members on the regular, giving them the capacity to influence culture for the better - or worse.

In our survey, 63% of Malaysian employees agree that their organisation embraces flexibility and makes adjustments to help people with differing needs excel at work (vs. 76% of leaders). Managers can help improve this. For example, some may find working from home due to COVID-19 more difficult than others, with challenges covering but not limited to looking after children or taking care of household responsibilities. Such challenges will continue to exist even post-pandemic, and managers can make a change by exercising empathy. In doing so, they can contribute to building a healthy culture where those who require flexibility are not penalised or treated differently.

A first step would be for managers to focus on outcomes instead of time spent in the office, virtual or otherwise. That's because an employee's clock-in, clock-out time [isn't necessarily a good indicator](#)¹² of value delivered, and choosing to adhere to this mindset may actually end up countering efforts to keep team members engaged and excited about work.

Another survey finding worth highlighting is the point on team synergy. 60% of Malaysian employees agree that their team members motivate and inspire them to do their best work, while 66% agree their team members are good at adapting how they work in order to better accomplish their goals. Once again, the percentage of leaders who agree with the same statements is higher. Perhaps the difference lies in experience or the nature of the work themselves. For example, it may be customary for senior management to meet frequently to go over key matters, hence they become more familiar with the work styles and expectations of their colleagues.

On the sentiments of employees, the relatively lower percentage who answered in the affirmative could possibly be attributed to our present remote working situation. At the moment, [debate](#)¹³ about the future of the office is still ongoing, with the camp in favour of returning to the office arguing that remote work erodes company culture and collaboration. But proponents of remote work put forward its benefits, such as the [savings](#)¹⁴ it can bring in terms of time (from not having to commute) and money (for example, by not needing to spend on daily expenditure like lunch and coffee).



76%

of senior management respondents in Malaysia agree that their organisation embraces flexibility and makes adjustments to help people with differing needs excel at work.



63%

of employees feel the same.



60%

of Malaysian employees agree that their team members motivate and inspire them to do their best work.



66%

of Malaysian employees agree their team members are good at adapting how they work in order to better accomplish their goals.

¹²Hopes and Fears Survey 2021 (Malaysia report). PwC Malaysia. April 2021. Pg. 18.

¹³Employees Are Quitting Instead of Giving Up Working From Home. Bloomberg Wealth. 1 June 2021

¹⁴In Defense Of Remote Work. Forbes. 2 December 2020

But if more and more employees are voicing their [preference for remote work](#)¹⁵, then organisations will require a long-term solution to improving teamwork and collaboration. In this regard, they may want to consider bringing in technology to help. The aim is to ensure employees are not feeling isolated, and [workforce analytics tools](#)¹⁶ can prevent this by enabling ongoing connections, setting team goals, and recognising achievements, nurturing a sense of community.

Adopting such tools could also support employee wellbeing and reduce the risk of burnout, as they can provide visibility into what other team members are working on. With a better view of what team members have on their plates, managers would then be able to make [improved decisions](#)¹⁷ in distributing and balancing workloads.

The role of culture in enabling successful change initiatives

For successful internal change initiatives to happen, 74% of Malaysians (vs. 66% globally) believe culture to be a contributing factor. How exactly so?

Locally, we see the opinions of leaders and employees converge on the matter of the top 3 determinants of successful change initiatives, which are:

- 1) Visible endorsement or support from senior leaders
- 2) Informal support from employee networks
- 3) Development opportunities and training

However, their views diverge again when it comes to the effectiveness of the abovementioned practices. For example, 76% of leaders say their organisation has visible endorsement or support from senior leaders (i.e. themselves), but only 57% of employees agree.

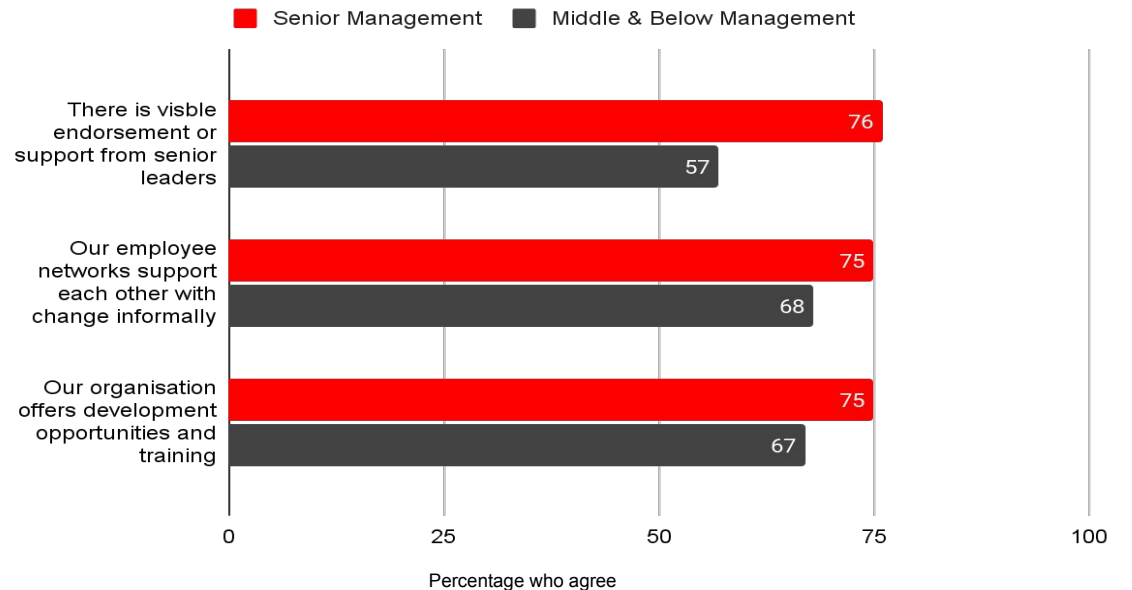
‘Support’, of course, can cover a broad range of issues, for instance, remuneration, counselling or coaching sessions, or simply the way in which communication is delivered. For leaders to pinpoint the type of support their employees are demanding more of, they could consider rolling out quarterly or yearly employee pulse check surveys, reverse performance evaluations, or exit interviews. With these insights, leaders would be better equipped to implement action items that specifically target problem areas, improving the effectiveness of leadership support organisation-wide.

¹⁵Hopes and Fears Survey 2021 (Malaysia report), PwC Malaysia, April 2021, Pg. 15

¹⁶Perform Plus, PwC

¹⁷Productivity 2021 and beyond: Five pillars for a better workforce, PwC, 2021

Statement: Thinking about how organisations can help their people successfully adapt to change, please indicate the extent to which you agree or disagree with the following statements about your organisation.



74% of Malaysians (vs. 66% globally) believe culture enables successful internal change initiatives to happen.

Practices deemed most effective when working from home

Working remotely has changed how work gets accomplished, but leaders and employees agree there are certain ways to ensure continuity. Globally, respondents cite team performance (49%) and being polite and cordial in their interactions (48%) as paramount to this. Malaysian respondents, however, answered quite differently, saying the top three most effective practices are:

Making decisions through consensus

62% of leaders and 45% of employees agree with this working style.

While it is valuable to listen and gain diverse perspectives, organisations need to also be cautious about making decisions through consensus.

The concept of majority-rule may work in certain contexts. However, there will be situations where data, evidence, and the [opinion of subject matter experts](#)¹⁸ would lead to better informed decisions, and both leaders and employees cannot disregard this, or they risk falling into the dangers of 'groupthink'.

¹⁸It's Time to Vote Majority Rule Off the Company Board. Strategy + Business. 24 October 2018

Completing tasks via formal chains of command

51% of leaders and 42% of employees believe this is more effective than going through informal relationships.

Leaders, managers or team leads wield the authority to make decisions in an organisation, ensuring tasks are completed and goals are met. All the more reason why formal leaders bear a significant responsibility in role modeling desired behaviours.

For added effectiveness, organisations may also enlist the help of informal leaders. These [informal leaders](#)¹⁹ may not have titles, but they demonstrate leadership qualities in an authentic way, giving them the ability to influence colleagues. As a result, they may become the go-to person for help or queries, which could move a project along at greater speed.

By relying on both formal and informal leaders, organisations may find themselves in a stronger position to drive a more resilient culture.

¹⁹10 Principles of Organisational Culture. Strategy + Business. 15 February 2016

Valuing performance

53% of leaders and 52% of employees think performance should be valued more than loyalty.

When it comes to benefits and rewards, it's necessary for organisations to provide employees with an understanding of the employee value proposition and how that links to compensation. This would reduce confusion about pay, bonuses, or opportunities for progression. Communication is, once again, key.

To attract and retain talent, organisations may also need to rethink their approach to 'total rewards', for instance, by looking at [rewards and benefits](#)²⁰ more holistically, covering areas that matter to employees, such as flexibility, healthcare and well-being, leave entitlements, and so on.

²⁰How to design benefits and rewards for what your employees need now. PwC

Despite similarities in opinion on practices that are considered effective when working from home, we see a difference on the matter of addressing problems. Locally, 50% of leaders believe in preventing problems instead of fixing them. But only 38% of employees agree. Perhaps leaders lean towards prevention, as they are informed by their experiences, having enough foresight to know just how difficult solving an issue or crisis can be. And they are right to feel so, as some issues (like data leaks and environmental pollution, to name a few) are difficult to recover from.

But there are instances where fixing issues as they come may not be such a bad thing, as they could lead to lessons learned. Employees may feel more strongly about this due to their job scopes, that is, their responsibilities may be geared more towards finding solutions and getting results in the most efficient yet responsible way. So this may shape their mindsets to accept failure as part of their job if it means a possible breakthrough down the line.

Experimentation is part and parcel of innovation, and organisations need to be [comfortable](#)²¹ with failing fast then trying again. But these tests need to be driven by a sound strategy, with specific goals in mind. In this regard, leaders and employees need to work together to find an approach that strikes the right balance between being bold and maintaining a healthy dose of risk aversion.

²¹Failure to launch: Five common transformation problems. Digital Pulse, PwC Australia, 13 March 2018

Key takeaways



As purpose gives meaning to the work employees do, leaders need to role model behaviours and actions that uphold the organisation's purpose. Frequent two-way communication nurtures a culture of trust and transparency, which can help bring purpose to life.



Organisations will find it difficult to operate smoothly if the basics that make up a great culture like teamwork and diversity and inclusion are neglected. While leaders need to address these issues, it's also up to managers (who work closely with team members) to actualise desired changes. For example, there's no point implementing policies that promote flexibility if it comes from the top, only to stop in the middle.



The use of workforce analytics tools can nurture a culture that cares for employee wellbeing, as they can give managers a view of team members' workload, which could signal the need for redistribution.



There are certain ingredients needed to enable successful change initiatives, which may be unique to their own organisation. Employee pulse check surveys would help leaders get a gauge of employee sentiments, and provide them with insights into what's working and what's not.



Innovation and breakthroughs are often the products of consistent trial and error. Leaders may not always be comfortable with failure, but they should work together with employees in setting the right strategy to achieve set goals, adopting the mindset that failure is a stepping stone to something great.



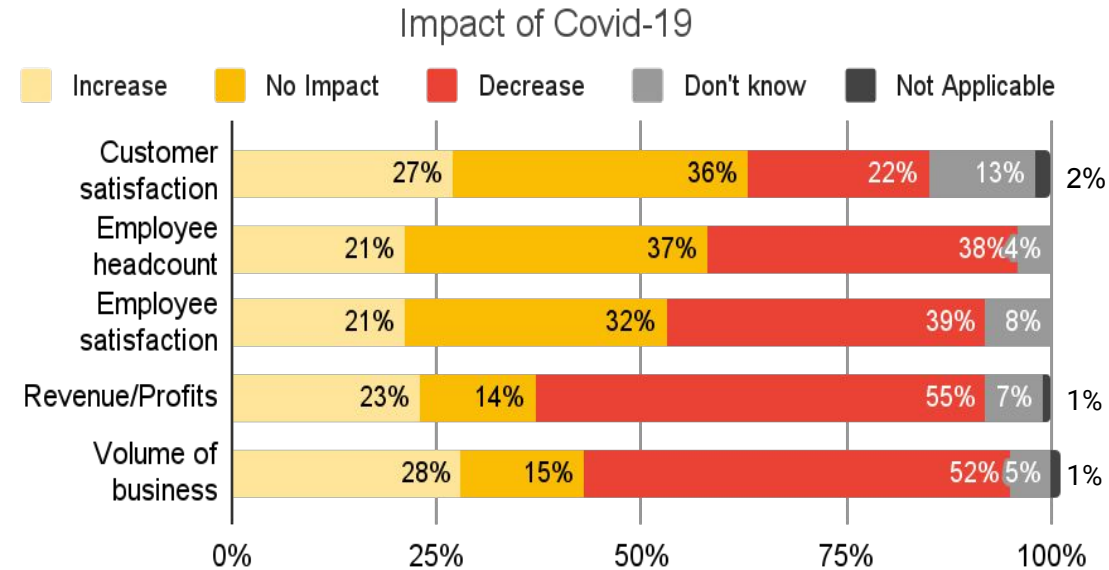


Culture is an
ally in facing
adversity



Organisations need strong culture to sharpen competitive advantage

To the best of your knowledge, how, if at all, has your organisation been impacted across the following areas, as a result of COVID-19 over the last 12 months?



Note: Total percentage may not add up to 100 due to rounding

The effects of COVID-19 continue to be felt across the business landscape, and in Malaysia, that negative impact translates to 55% of respondents saying their revenue/profits have decreased and 52% saying their volume of business has dipped. In a challenging climate where lockdown measures continue to be needed and the job market is afflicted with uncertainty, this trend, regrettably, comes as no surprise.

Being forced to social distance has also changed consumption habits. As our [Global Consumer Insights Pulse Survey \(June 2021\)](#)²² notes, the pandemic has



55%

of Malaysian respondents say their revenue/profits decreased because of the pandemic.



52%

say their volume of business decreased.



38%

saw a decrease in employee headcount.



39%

say employee satisfaction decreased.

resulted in a dramatic shift in consumer behaviour, and those changes aren't temporary - they're sticking. [Changes include](#)²³ consumers becoming more digital, shopping more via smartphone, and making purchases online at least daily. The [survey](#)²⁴ also found that consumers are now more health-conscious, more eco-friendly, and more sensitive to price.

These new patterns of consumption have required organisations to pivot quickly in order to continue providing their customers with products and services in line with their needs, while improving their accessibility via digital channels.

²² [Global Consumer Insights Pulse Survey, PwC, June 2021, Pg. 3](#)

²⁴ [Global Consumer Insights Pulse Survey, PwC, June 2021, Pg. 2](#)

What's positive, is that Malaysian organisations show confidence in their ability to adapt. When asked if they were able to adapt quickly to change during the pandemic, 75% said yes, consistent with our global result of 78%.

The source of this resilience can be attributed to culture, as voiced by 69% of Malaysian respondents (vs. 68% globally) who say their culture has contributed to their competitive advantage throughout the pandemic.

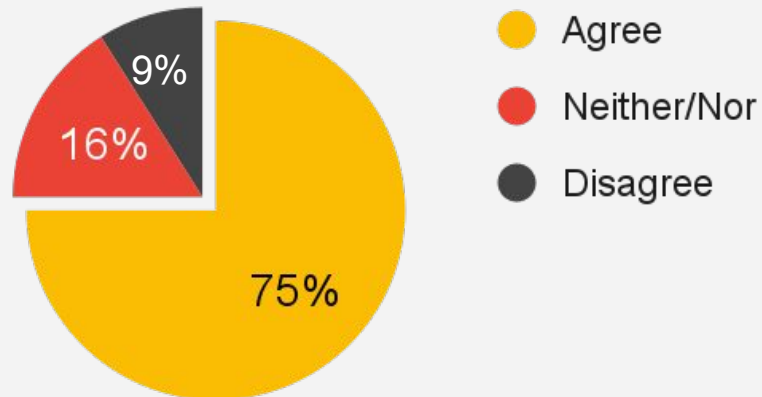
Culture is the cornerstone of enhanced organisational performance as it drives teamwork, collaboration, and trust. Just imagine: if an organisation encourages their employees to freely share ideas, and empowers diverse teams to come together to work on solutions, they are more likely to respond better to challenges compared to their competitor whose employees work in silos.

It's in times of difficulty that the strength and value of culture really come to the fore, and the responses from our participants attest to the fact that culture can be an indispensable ally in facing adversity. Organisations that know this will be better poised to regain their footing when the economy picks up again.

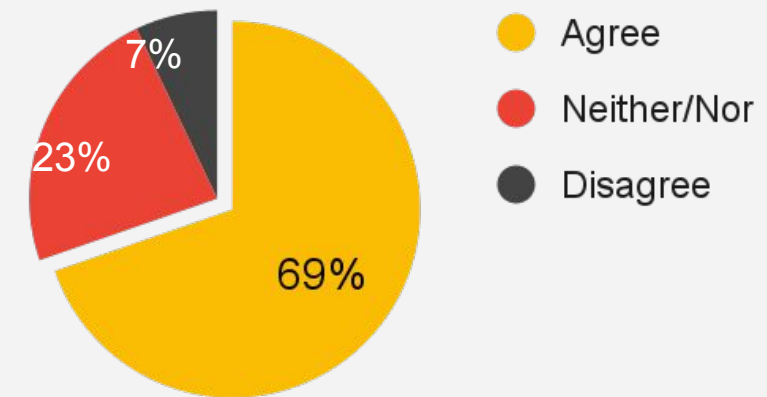
Interestingly, while the responses paint an optimistic picture of culture, instances of employee dissatisfaction were still reported (39%). While there could be varying reasons for this, the struggle to adapt to new ways of working could be a contributing factor, which we explore in the next section.

Considering how organisations can help their people successfully adapt to change, please indicate the extent to which you agree or disagree with the following statements about your organisation.

Over the past year, our organisation has had the ability to adapt quickly to respond to change as necessary



Our organisation's culture has been a source of competitive advantage throughout the COVID-19 pandemic



The top 3 ways of working impacted by COVID-19

Adapting to change amidst a global health crisis is understandably challenging, and from our survey, it appears both leaders and employees are still grappling with the shift from what used to be the 'normal' way of getting things done. Coaching and developing talent, maintaining a sense of community with colleagues, and delivering results are the topmost stumbling blocks organisations need to knock down.

Coaching and developing talent

Malaysian respondents find coaching and developing talent difficult in our current environment (40% of leaders, 49% of employees). With [heavy workloads](#)²⁵ and meeting fatigue being real threats to the employee experience, it's no wonder attention has been diverted away from coaching. But this shouldn't be the case, as coaching is key to meeting business goals. Organisations will have to be intentional about making sure coaching is part of an employee's professional development. To do so, they can block their time specifically for coaching, and demonstrate their commitment by sticking to it. Managers themselves may need training to see the value of coaching, and to learn about the art of giving feedback constructively and with empathy.

Developing or maintaining a sense of community amongst peers

Even though [remote work is in demand](#)²⁶ in Malaysia, our respondents (44% of leaders and 43% of employees) feel it's not as easy maintaining a sense of community amongst peers away from the office. People are social beings, and being in the office grants them the opportunity for lighter, informal interactions, for example, chatting with colleagues in the pantry or going out for lunch with the team. Some may also feel face-to-face interactions are more authentic as facial expressions are easier to read, compared to emails and chat messages whose tone could be misinterpreted as sounding cold. For this reason, new joiners would probably have a more difficult time forging connections with their new colleagues, especially as they're coming in without a foundation of shared experiences and trust connecting them. As covered previously, what's needed are tools that can help bring teams together, and until physical social activities are allowed again, the implementation of these tools can serve as the underlying foundation for developing team camaraderie and boosting morale. That being said, the possibility of screen fatigue cannot be disregarded. Which is why the frequency or nature of any virtual gatherings should be weighed appropriately, so as not to cancel out the good intentions behind the endeavour.

Producing/delivering expected results

46% of leaders and 47% of employees from our pool of local respondents say producing/delivering expected results is one of the most difficult obstacles to overcome. The economic downturn may be a factor, and it's possible that KPIs and targets have not been adjusted as accurately to the reality of our challenging climate. Or there might simply be a misalignment between new customer demands and the products and services that these organisations can provide. This finding may allude to the fact that organisations could do more in supporting their workers in a remote work environment, be it in the form of providing them with the relevant technology to meet the needs of their stakeholders, or having them undergo training that fosters innovation and better digital understanding, while at the same time cultivating skills like resilience and agility. Leaders may also have to consider the possibility of updating their business models in response to evolving market trends [more on pg. 22].

²⁵Feeling the strain: stress and anxiety weigh on world's workers. Financial Times. 8 February 2021

²⁶Hopes and Fears Survey 2021 (Malaysia report). PwC Malaysia. April 2021. Pg. 15

Business models need to change

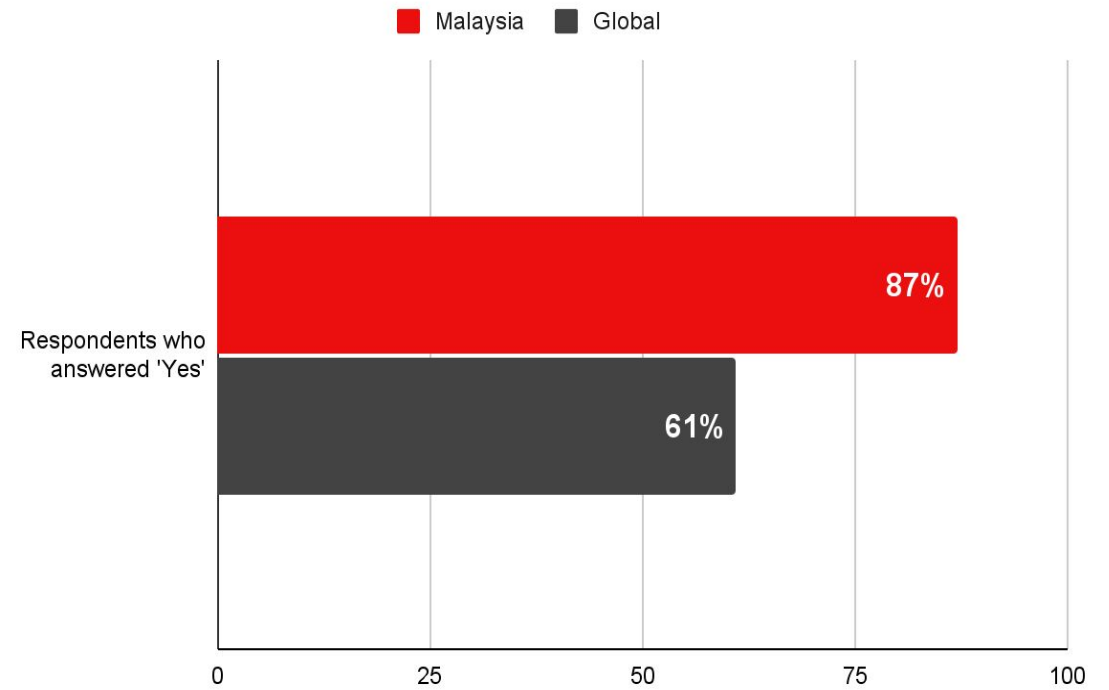
A significant number of Malaysian respondents (87%) believe their business models need to change as a result of the pandemic. Interestingly, this figure is higher than the 61% of global respondents who feel the same. One of the possible reasons could be due to our global survey demographics. Most of the territories that participated are developed countries, while Malaysia is still developing, especially in terms of digital adoption. So responses may reflect that mature economies have already implemented robust enough business models that allow them to thrive in an environment upended by COVID-19.

Before the pandemic, organisations may not have prioritised transformation, or if they did, it was more to hit revenue targets or to keep up with their competitors. But the effects of COVID-19 are expected to bring about lasting change, which means organisations shouldn't look to short-term fixes, but rather, refine their business models so they are resilient for years to come.

In our [CEO Panel Survey](#)²⁷ released last year, business leaders around the world said they would prioritise business models that are digital and virtual, as a result of COVID-19. This includes digitising their core business operations and/or processes, and adding in digital products and services. To better respond to new customer and employee demands, these are priorities that Malaysian organisations would have to accelerate. In this regard, they could consider if forging [strategic partnerships](#)²⁸ may be a viable route worth exploring.

87% of Malaysian respondents believe their business models need to change as a result of COVID-19

Do you believe your organisation's business/operating model (i.e. the way it does business and is organised) needs to change as a result of COVID-19?



In the same [CEO Panel Survey](#)²⁹, business leaders also ranked a business model that supported flexibility and employees as an area of priority. By that, they mean they would focus on increasing the share of remote or contingent workers, and expanding employee health, safety and/or wellness programmes. At a time where working remotely has proven to be effective, and prior concerns about productivity losses were [unfounded](#)³⁰, organisations should pay heed to the growing voices of employees who say they want greater flexibility in the workplace. But working from home may also cause employees to feel like they're 'living at work', unable to mentally shut down for the day, so organisations need to pay equal care to looking after their people's wellbeing, not just through talk, but through policies.

^{27, 29}CEO Panel Survey. How business can emerge stronger. PwC. 2020. Pg. 3

²⁸Staying relevant to stay in business. PwC Malaysia. February 2021. Pg. 15

³⁰PwC's COVID-19 CFO Pulse. PwC. 15 June 2020

Where people work - A determining factor for which business enablers are prioritised

In Malaysia, the degree of importance conferred on business enablers depends significantly on the place of work. Respondents who do not work from home emphasised (1) health and safety; (2) quality; and (3) cost-effectiveness, as key areas that needed improvement. Meanwhile, those who work from home placed more importance on (1) digitisation; (2) innovation; and (3) health and safety.

The difference tells a story of distinct needs. It's predictable that those working at physical worksites would care the most about health and safety, as being there would entail interacting with colleagues or clients in a proximity that those working from home can avoid. If social distancing and other safety measures aren't enforced, not only could this endanger the physical wellbeing of employees, but may lead to feelings of anxiety as well, which negatively impacts mental wellbeing. The consequence of this may look something like a decline in an employee's ability to deliver quality work.

Cost-effectiveness is also on the radar of those working onsite, as there's now a clear comparison between how much one has to spend to keep an office running, and how much one can save if employees work remotely. Expenses like water, electricity, and rent add up to an organisation's operating costs, which is why organisations are reviewing their outlook on the office and rethinking their real estate strategies. Doing so requires a careful study of several components: employee sentiments, and workforce and business strategies.

For example, how strongly do your employees want to continue working from home post-pandemic? Will forcing them to [return to the office](#)³¹ result in an exodus of talent?

³¹[The workers pushing back on the return to the office. BBC. 22 June 2021](#)

In our present era where the connection between work and a physical office is fast diminishing, whether an organisation is for or against remote work would have an impact on its reputation and power to attract and retain talent.

But before organisations rush into reducing their real estate footprint, they will also have to consider if their industry itself allows greater flexibility. Some roles, like those in the energy and telecommunications industries, may require access to specific tools/machinery, for example. Or perhaps face-to-face interaction is needed, like in the case of bank branches. These considerations need to be taken into account should organisations embark on cost-saving initiatives.

No surprise, digitisation and innovation are key enablers for those working from home. As we've established, remote work has only been successful in large part due to technology. Without infrastructure like laptops and connectivity, and software that facilitates communication and collaboration, serving clients and continuing with business operations would have proven impossible. And yet after a year of working from home, respondents still believe digitisation can be improved, presenting leaders with an urgent imperative to dive deeper into the tools (other than those already provided) that their people may need in order to work even more effectively.

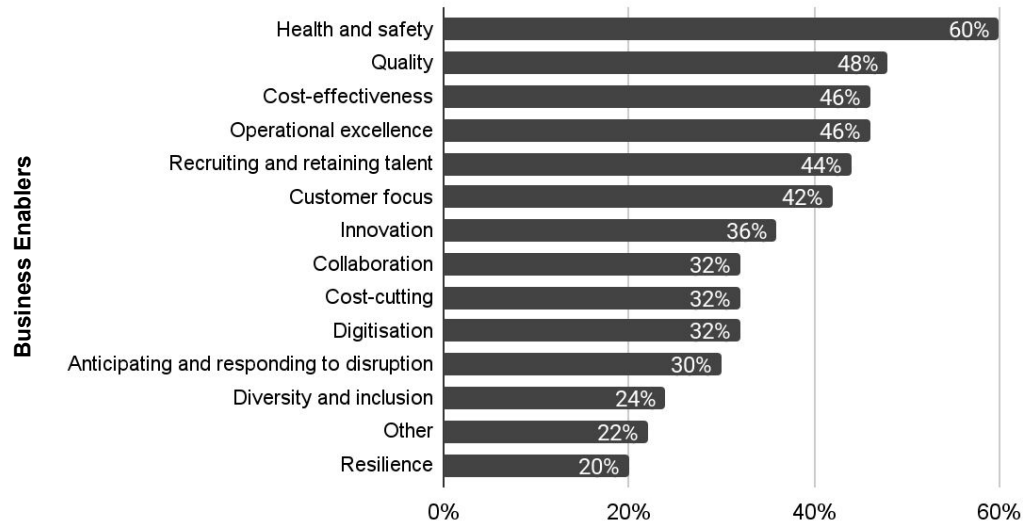
In a disrupted world, innovation is required to solve new, pressing challenges. But while the range of technologies available today can propel innovation, the underlying ingredient for whether this can be achieved remains to be skills. We discuss how organisations can nurture this in the next section.



In your opinion, which of these do you think are the most important aspects to be improved in your organisation?

Not working from home

1. Health and safety (60%)
2. Quality (48%)
3. Cost-effectiveness (46%)

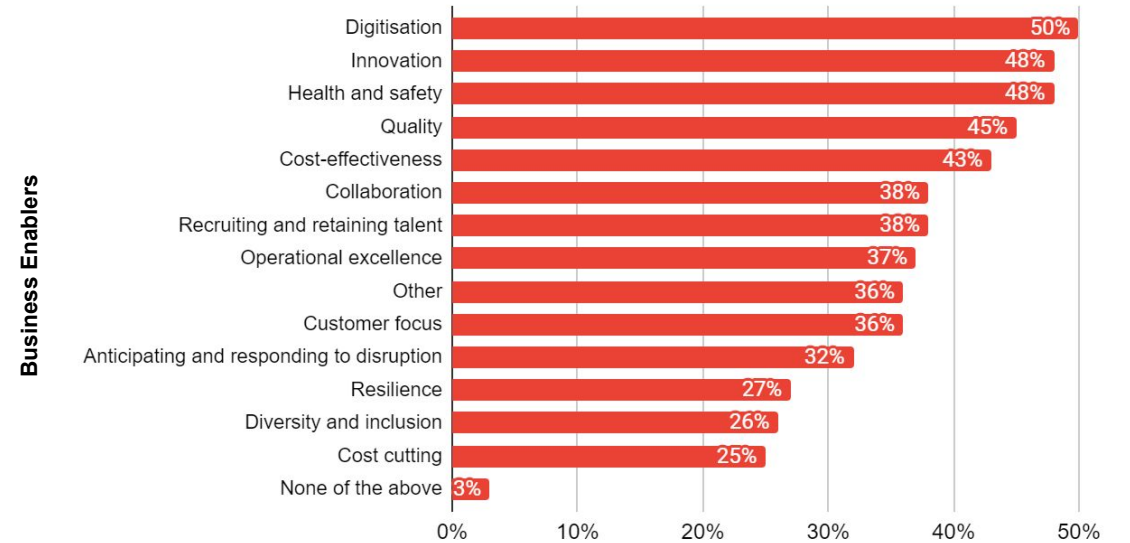


Respondents who do not work from home and who voted for that aspect to be improved on (%)

Note: Globally, the three main areas requiring improvement are recruiting and retaining talent (37%), health and safety (33%), and collaboration (27%).

Working from home

1. Digitisation (50%)
2. Innovation (48%)
3. Health and safety (48%)



Respondents who work from home and who voted for that aspect to be improved on (%)

Note: Globally, the three main areas requiring improvement are digitisation (39%), recruiting and retaining talent (38%), and innovation (36%).

Key takeaways



COVID-19 has changed consumer behaviour, requiring organisations to pivot quickly in response. With organisational performance relying heavily on culture, organisations that want to get ahead of their competitors will have to encourage their employees to demonstrate behaviours that lead to positive outcomes, for example, teamwork, collaboration, trust.



Flexibility is in demand, and an organisation's decision on whether employees will work in the office, at home, or both, will be a differentiating factor in terms of workplace attractiveness. The feasibility of where people can work may depend on industries, but should organisations bring people back to the office, safety measures need to be implemented and enforced to give employees peace of mind. And should remote work become the preferred model, then tools and training that will empower employees to perform their best will need to be supplied.



Working from home amid the pandemic is not without challenges, and organisations need to provide their people with the support they need (for example, with technology, training, coaching) to enable the delivery of results and to ensure a sense of community is maintained. If employees are still facing difficulties, leaders should dive deeper to find out what the root cause is.



To be resilient in a world of rapid digitalisation, one further disrupted by the uncertainties of the pandemic, organisations need to update their business models, looking at a range of areas that cover their operations/processes, products and services, and their workforce.

Malaysians
are motivated
to learn
new skills



For their organisation's success, Malaysians will upskill or reskill

In our local [Hopes and Fears survey](#)³² published in April, we found that Malaysians are eager to learn new skills. In fact, 57% [reported](#)³³ an improvement in developing their digital skills since the pandemic began.

The findings from our culture survey are consistent, with 86% of Malaysian respondents (vs. 76% globally) saying they are motivated to learn new skills to support their organisation's success. The presence of motivation is already half the battle won, as people must want to learn for lessons to be effective to the highest degree.

By agreeing with the statement, respondents demonstrate an understanding that new skills and success are - in today's world - intertwined. That for organisations to stay [relevant](#)³⁴, their digital capabilities need to be of a certain calibre to satisfy the needs of more digitally-inclined customers. And their capacity to make full use of technology and ability to innovate rests on the strength of their people's digital and human skills.

Earlier we talked about focusing on a few critical behaviours to effect culture change. In the context of learning new skills, organisations can consider narrowing their attention to the following behaviours amongst employees:

- Learning skills in anticipation of what customers would like
- Sharing ideas openly and accepting feedback, understanding that different perspectives can lead to stronger outcomes
- Teaching others what they've learned

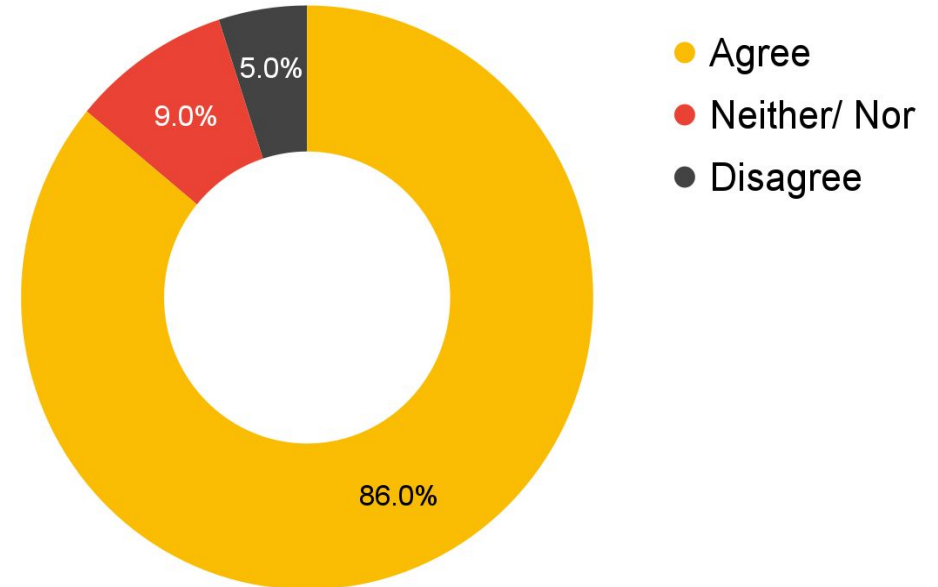
A properly developed upskilling programme can form the backbone that encourages employees to adopt these behaviours. For example, PwC Malaysia's 'Digital Accelerator' programme provides employees who sign up with a platform to develop their own digital solutions for business issues. Once the solutions are approved, they can then share it with their colleagues, contributing to the building of a culture that prizes collaboration, innovation, and continuous learning.

³²[Hopes and Fears Survey 2021 \(Malaysia report\). PwC Malaysia. April 2021. Pg. 11](#)

³³[Hopes and Fears Survey 2021 \(Malaysia report\). PwC Malaysia. April 2021. Pg. 8](#)

Please indicate to what extent you agree or disagree with the following statements.

I am motivated to learn new skills to support our organisation's success



Through structured programmes, organisations may also reward the practice of these identified critical behaviours. For example, by awarding digital badges so employees can proudly display the new skills they've acquired to their networks.

Upskilling or reskilling programmes will not all look the same. Customisation will be required depending on the organisation's skills gaps and mismatches, which are significant barriers that hinder organisations from meeting their business priorities.

³⁴[Staying relevant to stay in business. PwC Malaysia. February 2021](#)

The bottom line is, people need opportunities for development and training, as it is one of the key determinants of successful change initiatives, as voiced by the respondents of this survey themselves (pg. 15). The payoff would come in the form of highly skilled employees whose capabilities can help organisations thrive in a digital world, which is why upskilling and reskilling initiatives should remain high on the agenda, regardless of whether an entity belongs in the private or public sector.

For Malaysia to narrow the digital divide, public sector intervention is needed so that there's a solid foundation to spur the scaling of upskilling and reskilling initiatives nationwide. With the government's MyDIGITAL initiative recognising that building [agile and competent digital talent](#)³⁵ is a key thrust in accelerating the growth of Malaysia's digital economy, we hope to see more public-private partnerships that will put more individuals on the path to becoming digital adopters with in-demand skills.

³⁵Malaysia Digital Economy Blueprint, Economic Planning Unit, 2021, Pg. 60



Key takeaways



As upskilling and reskilling are pivotal to enabling employees to fulfill the demands of today's more digitally-inclined customers, organisations need to provide their people with these opportunities, recognising that it also contributes to their success.



A structured and customised upskilling or reskilling programme can help bring out the 'critical few' behaviours organisations hope to nurture and reward. Over time, this may help build a culture of collaboration, innovation, and continuous learning within the organisation.



Broadening and speeding up the progress of upskilling and reskilling will require collaboration between the private and public sectors, a vital step in narrowing the digital divide.



Conclusion and summary of recommendations

Conclusion

It's not enough to recognise the importance of workplace culture. Organisations need a roadmap.

Workplace culture is not an abstract idea that holds ephemeral value. It is the accumulation of how people think and act, the collective behaviours that when added together make up the DNA of an organisation. Which is why culture has significant power in determining an organisation's success or failure.

While it is great that organisations recognise the difference culture can make especially in our pandemic times, there is work to be done in translating that belief into action. To realise change and adapt to new ways of working, organisations would have to improve communication, provide employees with support in the form of digital tools and coaching, rethink the future of the workplace and business models, and ensure their people have the opportunity to develop new skills, among others.

This would require the creation of a roadmap, outlining desired goals and the steps organisations plan to take to get there. With a designed plan, organisations would be better able to track progress and make adjustments where required.

But the responsibility of seeing all of this through shouldn't be shouldered by HR alone. For real change to permeate the organisation, it would take all leaders to put their weight behind change initiatives, and to themselves be role models that employees can look up to.

Summary of recommendations



Connect purpose with business priorities

Assess the strength of organisational culture, and cultivate an understanding amongst employees of how their work ties back to their organisation's purpose.



Enhance the employee experience

Provide employees with the support they need to improve their experience at work. Better employee experience can boost motivation and productivity, resulting in greater experiences for customers.



Assess if your current business model needs updating

Think about whether the efficiency of processes need to be improved through digitisation, and whether current workforce and workplace strategies can support business priorities in a challenging climate.



Provide opportunities for employees to develop new skills

Implement upskilling or reskilling programmes so employees have the necessary skills to meet KPIs and deliver value, and nurture a culture that contributes to innovation.

About the survey

The Global Culture Survey by the Katzenbach Centre* was conducted online from March 1–26, 2021. A business panel was used across 15 countries (Australia, Canada, China, France, Germany, India, Japan, Malaysia, the Netherlands, Russia, Singapore, South Africa, Switzerland, the UK and the US). Participants from these and other territories were also invited to complete the survey through a registration process. In total, 3,243 surveys were completed from 43 countries. Malaysia recorded a total of 258 respondents.

*The Katzenbach Center is the institute for culture, leadership and teaming at Strategy&, PwC's strategy consulting group.



About 'New world. New skills.'

'New world. New skills.' is a global initiative by the PwC global network that aims to narrow the digital divide by improving the skills and digital understanding of millions of people worldwide. At PwC Malaysia, we have invested in training to ensure our people are prepared for the future of work. We are also equally committed to helping our clients identify and address their workforce challenges, and doing our part in reaching underserved communities who may not have access to upskilling opportunities, in order to ensure no one gets left behind.

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