

Beyond COVID-19: Will you define the new normal or watch it unfold?... (1)



ROBIN MCCONE: Robin is the Tax Leader for EY Ghana with over 20 years emerging market experience in tax and commercial policy formation. He also works closely with the Transaction and Advisory teams as a Value Chain Transformation expert.



Building a better world beyond COVID-19 requires leaders to imagine the unthinkable. Here's your guide.

The COVID-19 pandemic has unleashed changes that seemed unthinkable just a few months ago. In February 2020, it seemed unthinkable the entire white-collar workforce of many countries would soon be working solely from home. It seemed unthinkable air travel would plummet by 96%. It seemed unthinkable millions of migrant workers in India would be forced to undertake a herculean exodus, walking thousands of miles to their home villages.

Of course, COVID-19 and the extraordinary response were not really unthinkable - they just seemed that way to most of us. While the pandemic took the vast majority of the business world by surprise, epidemiologists and other experts had long warned it was only a matter of time before such a disaster struck. And though the crisis seems to have been with us for a long time, the reality is that it is likely to bring more changes in the months ahead that seem unthinkable now.

Understanding the pandemic's impact demands scanning for risks and drawing insights from a wide range of domains. We convened more than 100 senior professionals around the world - futurists, non-governmental organization representatives, investors, CEOs and other business leaders - over four virtual sessions to develop a far-sighted view, imagine the unthinkable, and, crucially, identify the steps business leaders need to build into their thinking about the future. We are grateful to the professionals who generously shared their time and perspectives in these Ideation Jam sessions.

To shape these discussions, we used our EY Megatrends framework of future working worlds, which is designed to expose business leaders to trends and forces far outside their usual scope of analysis. We examined these four domains to understand not just how the business community can shape the world beyond COVID-19, but shape it for the better:

1. The global order
2. Societies and economies
3. Firms and markets
4. Households and individuals

The result? Leaders expect far-reaching changes but, critically, believe there's an opportunity to enable a better working world across five dimensions: better health, better connectivity, better relationships, better ingenuity and better accountability. This article presents a high-level view of this potential world beyond the pandemic. It identifies what's unthinkable - the low-probability, high-impact scenarios for the world beyond COVID-19 that should be on your radar - and raises key questions that connect to the five aspects of a better world. Finally, we offer guiding principles for leaders steering their organizations through a time of unprecedented uncertainty.

Chapter 1

How will COVID-19 alter the structure of the international system?

The pandemic will inevitably bring sweeping changes to the global order.

The balance of power and influence will be realigned

The already strained US-China relationship will likely become even more fraught, in the view of Ideation Jam participants. The pandemic also appears to be accelerating the weakening of multinational institutions and creating a vacuum of global leadership. This could create a return to multipolarity, with

an expanded role for Europe or for smaller countries whose prestige was enhanced by their effective pandemic response.

Globalization will go local

There was a strong consensus COVID-19 will advance the backlash against globalization amid the sharpest reduction in international flows (e.g., trade, investment, people) in modern history. With vulnerabilities in cross-border supply chains exposed, we can expect supply chains to be restructured, with built-in redundancy and resilience at the expense of some efficiency. Manufacturing will come closer to home markets, boosting the trend toward regionalization and re-localization. Similarly, agricultural supply-chain issues which have caused shortages and gluts are accelerating the rise of local and vertical farms, which are more resilient.

A new concept of human mobility will emerge

Labor mobility has fallen sharply since the start of the pandemic, as governments have clamped down on travel and immigration - restrictions that will likely persist. But even as the pandemic reduces the flow of people, it will enable a different concept of labor mobility. If people can't relocate for work, work will relocate for people. For jobs that can be performed remotely, companies will move to global remote workforces.

Imagine the unthinkable

- ▶ Could we see the US dollar displaced as the world's solitary reserve currency?
- ▶ Is significant political unrest ahead - perhaps even the collapse of some national governments?

Questions for a better working world

- ▶ **Better connectivity:** How are you restructuring your global supply chain for resilience and flexibility?
- ▶ **Better ingenuity:** How are you rethinking your business model to enable a global remote workforce?

Chapter 2

How will COVID-19 affect the structure of societies and economies?

COVID-19 laid bare existing weaknesses in social safety nets and systemic policy failures.

Our sessions highlighted some of the key risks, foremost among them worsening inequality and the social damage of billions being exposed to the virus and cratering economies.

Societies will address inequality and repair social safety nets

The pandemic is hitting low-income groups hardest - minorities, young people, women, and undocumented workers. Their lack of wealth and overrepresentation in jobs requiring physical presence exposes them to greater hardship and risk.

The crisis has also widened social disparities between the politically left and right, old and young, rich and poor. Labour unrest is increasing as workers demand better protections - personal protective equipment, distancing measures, higher pay, more sick leave, and improved access to healthcare.

Participants expect government reforms in response, such as recognizing undocumented workers, investing in healthcare capacity or even the introduction of universal basic incomes in some developed countries.

Action on social justice will increase

Sustained protests against systemic racism are sweeping across the US and solidarity protests have emerged in other countries. While we didn't explore this question in our sessions, which predated the protests, we think it's no coincidence this is happening during the COVID-19 pandemic. When people are already thinking about a systemic reset, they may also be more inclined to think about correcting systemic racism. The Black Lives Matter movement may be a harbinger of increased awareness and action on issues of social justice - during the pandemic and beyond.

Urban landscapes will be remapped

COVID-19 will fundamentally reshape cities, accelerating trends already under way. Health concerns will drive residents of large cities to seek lower population density in suburbs and small towns. Remote work will make moving out of city centers increasingly feasible, since commute times will no longer be a factor. These shifts will have profound implications for societies and economies, affecting everything from tax revenues to urban planning and education policy.

Imagine the unthinkable

- ▶ Could providing universal basic incomes become real in some societies - and how would it impact your organization?
- ▶ Could the need for more responsive government spur the move to government by algorithm - and how would this affect regulation in your sector?

Questions for a better working world

- ▶ **Better health:** How will your company lead in addressing the intertwined social issues of health, income inequality and racism?
- ▶ **Better accountability:** How do your actions (e.g., job cuts, investments, supply chain) contribute to societal inequality? How can you mitigate these inequities?
- ▶ **Better ingenuity:** How could your innovation strategy change if you had innovation clusters spread across suburbs and small towns? ■

(continued in next edition)

LEADING THROUGH THE PANDEMIC

Our purpose is building a better working world. It starts with better questions. The better the question. The better the answer. The better the world works. The Enterprise Resilience tool is a simple way to assess your business preparedness. For access, please send an email to robin.mccone@gh.ey.com and copy in kofi.akuoko@gh.ey.com.

About EY

EY is a global leader in assurance, tax, strategy and transaction and consultancy services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, clients and for our communities.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

Find out more:

Ernst & Young, G15, White Avenue, Airport Residential Area, Accra.
Tel: +233 302 779868 / 772091 / 772088
Email: info@gh.ey.com,
Website: ey.com