

WHAT'S THE STORY OF BUSINESS TOMORROW 2021-22? : IN TERMS OF GROWTH AND DEVELOPMENT, CHANGING BUSINESS ENVIRONMENT AND STRATEGIES, MANAGING SUSTAINABILITY, FOR A BETTER FUTURE

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ABSTRACT

The ongoing pandemic has triggered a world crisis like no other - a health crisis and the greatest global slump since the second world war, which has resulted in a massive toll on humans. While the absolute aftermath is still unpredictable, and an even worse situation is possible if the world seizes to bring the health crisis under control. The pandemic has resulted in output contractions across emerging markets and developing economies as well as among developed nations and is liable to exercise persisting devastation consequences on essential determinants of long-term development prospects, further deteriorating living standards.

This report analyzes how winning the battle against coronavirus lies across five stages - Resolve, Resilience, Return, Reimagination and Reform. It further discusses the economic consequences of the pandemic in eight countries - China, France, Germany, India, Japan, Spain, the United Kingdom, and the United States, which constitute 50% of the world's population and 62% of GDP. This white paper also explains McKinsey & Company's formula, a unique way to study the impacts of the knock-on consequences of the pandemic by the physical proximity needed in terms of interpersonal interchanges required, in greater than 800 occupations by sorting them into 10 work areas.

This case study also demonstrates the growth in e-commerce trade, the necessity of building new workforce skills and the transition to new employment opportunities to endure the pandemic consequences, filling in technical gaps and dependence on digital technology to survive in the new normal. On the corporate side, it talks about the changes in companies' action plans since the pandemic, key practices which firms adopt for skill transitions and their success rate, the

skill-building formats and techniques and the supplement time company boards have spent to attempt surfing this pandemic and developing tech leadership. Last but not least, it depicts value from sustainability, elevating sustainability as a true strategic priority and evaluating sustainable business chains.

Introduction

The covid-19 pandemic not only caused a health emergency globally but also consequently led to the looming restructuring of international economic behavior. For some business organizations, near-term survival seemed to be an impossible challenge, while for other economic institutions peering through the fog of unpredictability, trying to find strategies to reposition themselves once things return to the new normal seemed to be a tremendous test to pass.

The second year of the pandemic didn't give much of a respite from the uncertainties as compared to the first year - how long will the health emergency and economic depression last, how will the new normal appear to be and will there be another dip post the recent surge. The demand for a data-driven comprehension of the future industrial and business behavioral patterns, monetary and fiscal trends, mental and physical challenges faced by individuals in 2021 continued to hit a high record.

Winning the battle against coronavirus lies across five stages - Resolve, Resilience, Return, Reimagination and Reform.

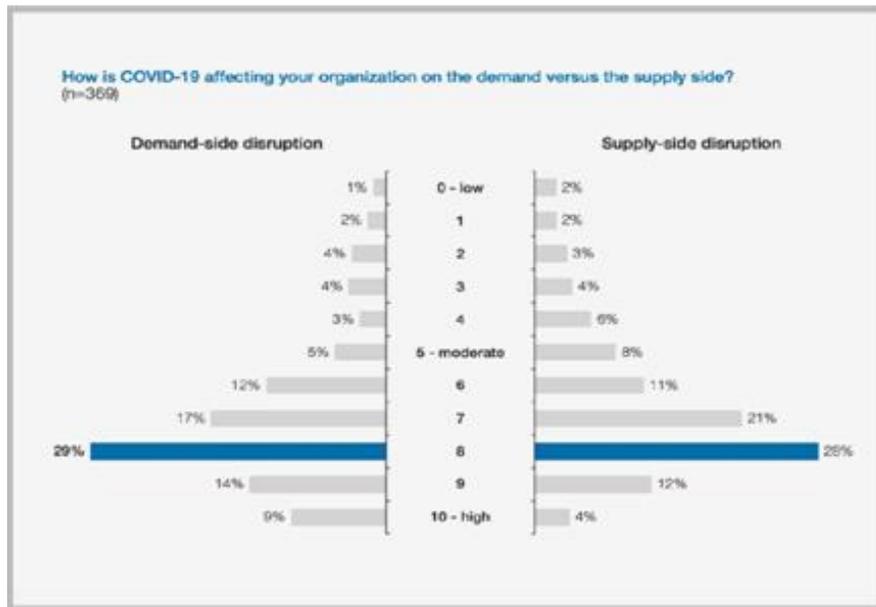
- **Resolve:** Healthcare systems work on a war footing to provide medical aid, remote and online work strategies try to enhance business-continuity and employee-safety measures and choices must be determined whether to- lockdown or not, isolation/quarantine or not.
- **Resilience:** Public-private and social-sector leaders storm through the declining GDP, liquidity crunches, failing business confidence and rising unemployment to balance economic and social sustainability.
- **Return:** Returning industries and trade to an operational health standard post lockdown is exceptionally demanding, as this requires reactivating the unbroken supply chain, and reassessing the unconditional business plan for contingent efforts to return the industry to productive output at a reasonable pace and scale.
- **Reimagination:** The shock post the pandemic will evolve a sporadic transition in the preferences and expectations of customers as well as employees. E-commerce should be strengthened in a manner that reshapes customer attitudes, costs will be reconsidered and

technology adoption will be stimulated by quick learning about driving productivity when labor is unavailable.

- Reform: Public bodies and business leaders are likely to play a more active role in shaping economic activity. It is crucial to predict positive policies and regulations as the community strives to prevent, mitigate, and preempt a future health crisis. Also, the financial system should boost the economy to withstand acute and global exogenous shocks.

Exhibit 1 demonstrates the survey results of the World Economic Forum for manufacturing units located globally, to analyze the demand and supply impacts of the pandemic in 2020, claims that the pandemic “has impacted over 75% of the world’s global manufacturing outputs.” Also, Stanford University’s Michael J. Boskin states that “most economies will not return to their previous performance peaks until late 2022.” Exhibit 1 depicts the World Economic Forum survey analysis report for 369 manufacturing firms worldwide in 2020 - on the demand and supply side, greater than 75% of these survey respondent firms experienced higher than moderate disruptions due to the pandemic.

Exhibit 1: Survey results conducted by the World Economic Forum for manufacturing units located globally, to analyze the demand and supply impacts of the pandemic in 2020



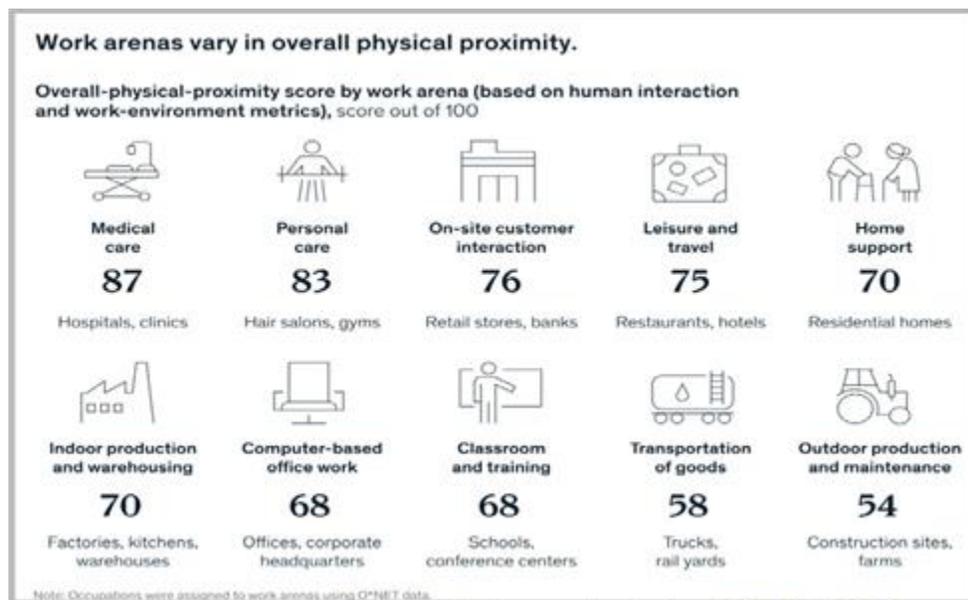
Courtesy: World Economic Forum

Economic Consequences Of The Pandemic

The current pandemic disrupted labor markets globally - infinite workers were furloughed or left unemployed, others had to adjust to remote work methods and 25% of workers globally needed to switch professions. This section studies and analyzes the consequences of the pandemic on the demand for labor, the blend of vocations, and the workforce skills needed in eight countries with distinct economic and labor market models namely - China, France, Germany, India, Japan, Spain, the United Kingdom, and the United States. Together, these eight countries account for approximately 50% of the world's population and 62% of GDP.

Before the onset of the pandemic, the biggest disruptions to work opportunities pertained to new technologies and growing trade links. This pandemic highlighted the significance of the physical dimension of work opportunities. The McKinsey report titled, “The future of work after COVID-19 | McKinsey”, dated February 2021 formulated a unique way to quantify the proximity needed in greater than 800 occupations by sorting them into 10 work areas according to their proximity to colleagues and clients, the number of interpersonal interchanges implicated and their on-site and indoor nature, as depicted in Exhibit 2.

Exhibit 2: Groups of work arenas



Courtesy: The future of work after COVID-19 | McKinsey

Jobs in work arenas with elevated levels of physical proximity are more inclined to see considerable modification post the pandemic, causing knock-on impacts in supplementary work arenas as business models change in reaction. The short and possible long-term disturbances to these arenas from the pandemic may differ. During the pandemic, the most harshly disturbed arenas were the ones with the greatest overall physical proximity scores, namely - medical care, personal care, on-site customer service, and leisure and travel. In the long run, work arenas with higher physical proximity scores are also inclined to be more unsettled, although proximity is not the only justification.

The pandemic has caused businesses and clients to quickly acquire new behaviors that are likely to stay. The most apparent consequence of the pandemic on the labor force is the astonishing expansion of workers working remotely. Distant work or work from home and online meetings are likely to continue, though at a smaller intensity as compared to the pandemic's peak.

McKinsey and Company analyzed greater than 2,000 tasks used in approximately 800 occupations in the eight focused nations discussed in the report. Assuming that remote work can be accomplished without a failure in productivity, it was discovered that approximately 20% to 25% of the workforces in developed economies could work from home between 3-5 days a week. This illustrates 4-5 times additional remote work than pre-pandemic times and can cause an immense alteration in the geography of work, as people and firms move out of large towns into suburbs and small towns.

A survey conducted for 278 senior management teams by McKinsey & Company in August 2020, claimed that on average there was a reduction in office space by approximately 30%. Remote work has also led to zoom meetings and video conferencing, which has led to a decrease in business travel, the most lucrative sector for the airline industry. Certain firms after constructive experiences with remote work opportunities during the pandemic are intending to change course to flexible workspaces, which will lead to decrease in demand for office space and bring limited employees into offices every day.

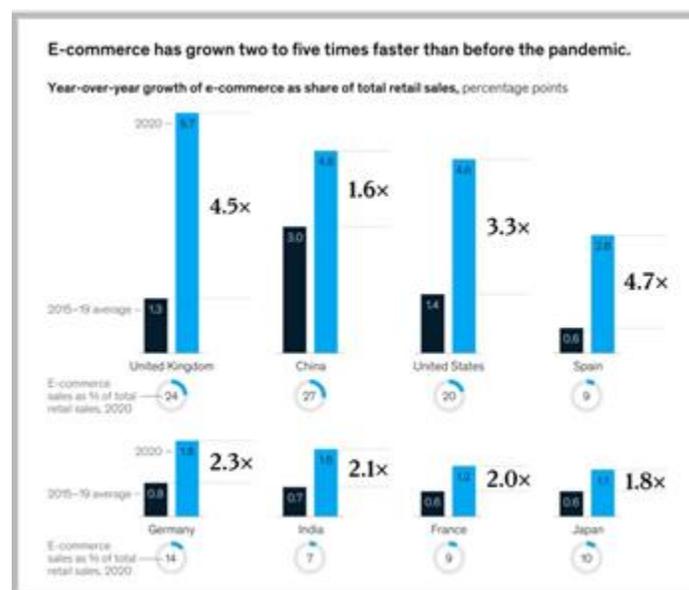
This has also led to a downward trend for restaurants and bars located in downtown areas and a substantial decrease in usage of public and private transportation services. These prevailing conditions would have considerable knock-on influences on employment in commercial land and aerospace, railway/metro stations and airports, hotels and food services industries.

On the other hand e-commerce and other virtual transactions tend to flourish. Certain virtual services namely telemedicine consultations, online banking transactions and streaming entertainment have boosted during the covid era. Online doctor consultations through Practo, a

telehealth company in India, grew more than tenfold between April and November 2020.

According to the McKinsey Consumer Pulse surveys conducted globally, 75% of first time users of digital channels during the pandemic, claim they will resume utilizing these e-trade opportunities even when the situation returns to normal. Exhibit 3 depicts that in 2020, the share of e-commerce grew at 2-5 times the rate before the pandemic.

Exhibit 3: Growth in e-commerce in 8 regions across the globe in 2020



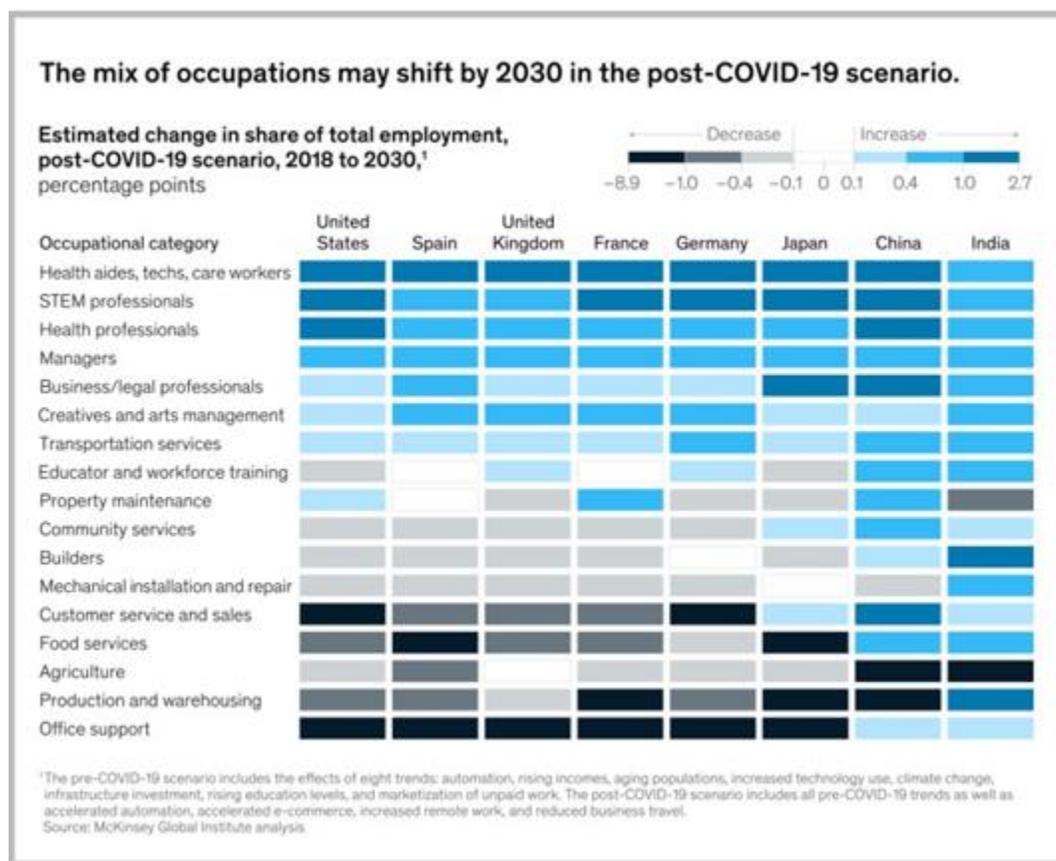
Courtesy: The future of work after COVID-19 | McKinsey

The pandemic propels rapid adoption of automation and AI, particularly in work arenas with an increased physical proximity. Several companies deployed digital technology, automation and AI in warehouses, grocery stores, schooling, delivery and transportation services, call centers, banking sector and manufacturing plants to decrease workplace population density and deal with rises in demand. In China, e-commerce, delivery, and social media employment opportunities prospered by greater than 5.1 million during the first six months of 2020.

Demand for employees in the healthcare and STEM employment opportunities enhanced more than before the pandemic, indicating raised attention to healthcare demand and new technologies. The vastest adverse effect of the pandemic was on low skilled and low waged workers. Also, food services employees and in-person customer sales workers were severely impacted.

Before the pandemic, net employment casualties were focused on middle-wage employment opportunities in the manufacturing sector and in certain offices, indicating automation, and low and high-wage employment opportunities continued to rise. However, post the ongoing pandemic 59% of displaced low-wage workers may need to shift to occupations in higher wage brackets and will need unique skills, experience and talent to remain employed. Exhibit 4 explains this in greater detail.

Exhibit 4: The mix of occupation trends post the pandemic

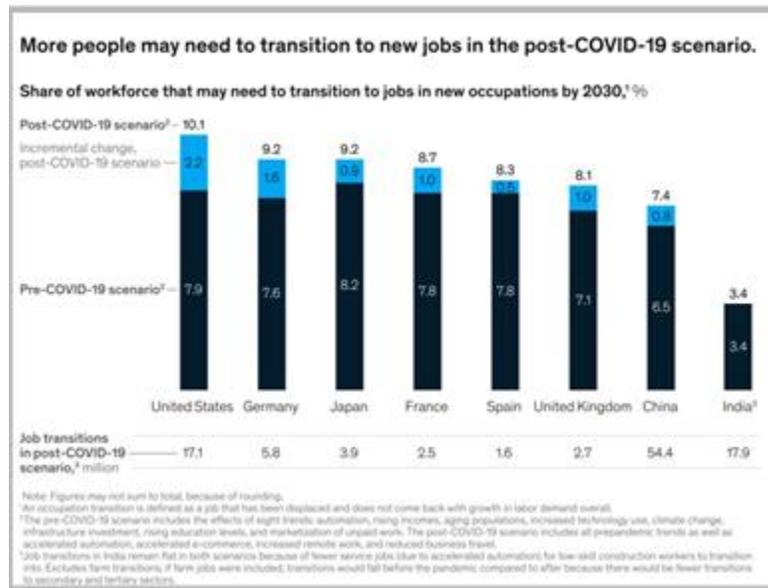


Courtesy: The future of work after COVID-19 | McKinsey

Assuming the expected job growth in high-wage employment opportunities and decreases in low-wage jobs, the scale and essence of workforce evolutions expected in the future will be challenging. Exhibit 5 demonstrates that post the emergence of the pandemic, over the eight focus nations, greater than 100 million employees, or 1 in 16, will need to find a different job by

2030. This is 12% greater than it was calculated before the pandemic, and up to 25% more in developed nations. Before the pandemic emerged, it was estimated that just 6% of employees would be required to find jobs in higher salary employment opportunities.

Exhibit 5: Transition to new employment opportunities due to the pandemic



Courtesy: The future of work after COVID-19 | McKinsey

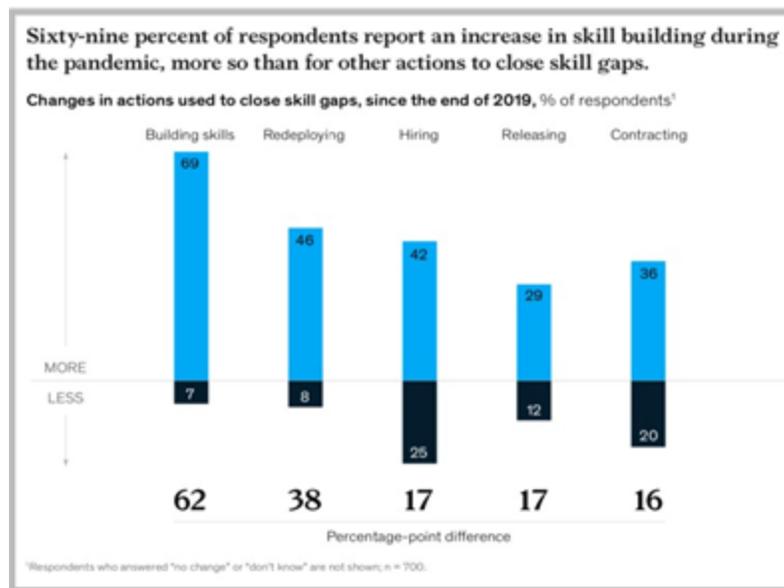
The extent of workforce transitions set off by the pandemic effect on labor trends heightened the necessity for corporations and government bodies to support supplementary training and education programs for breadwinners. Companies can evaluate what jobs can be accomplished remotely by concentrating on the tasks involved rather than whole jobs and focus on job retention opportunities. Public authorities can support business and education growth by expanding and enhancing the digital infrastructure as even in developed countries, about 20% of employees residing in rural areas lack access to internet facilities.

Building Workforce Skills To Survive During And Post The Pandemic

The unexpected growth of digitization, e-commerce trade and remote work has led to new demands on employees, who now require unique skill sets to support substantial modifications on how to complete tasks and achieve the business goals their firms are establishing. The ongoing pandemic has also taught companies to rapidly adapt to reskilling their workforce.

The online McKinsey Global Survey on reskilling the workforce dated December 8 to December 18, 2020, gathered responses from 700 survey respondents from different countries across the globe, covering multiple industries, varied company sizes and functional specialties reported the urgency of addressing skill gaps since the pandemic. Across the five key action plans of employers - hiring, contracting, redeploying, releasing, and building skills within the current workforce—skill building is more dominant now than it was prior to the pandemic. 69% of the survey participants state that their company’s do additional skill building now than they did before the pandemic crisis. Exhibit 6 explains this breakup of the survey in greater detail. The findings of this survey are also uniform with institutions' projections from a previous survey on skilling before the pandemic began, conducted from May 14 to May 24, 2019, covering responses from 1,216 respondents worldwide and these findings were discussed in the McKinsey report - “Beyond hiring: How companies are reskilling to address talent gaps,” February 12, 2020.

Exhibit 6: Changes in companies’ action plans since the pandemic

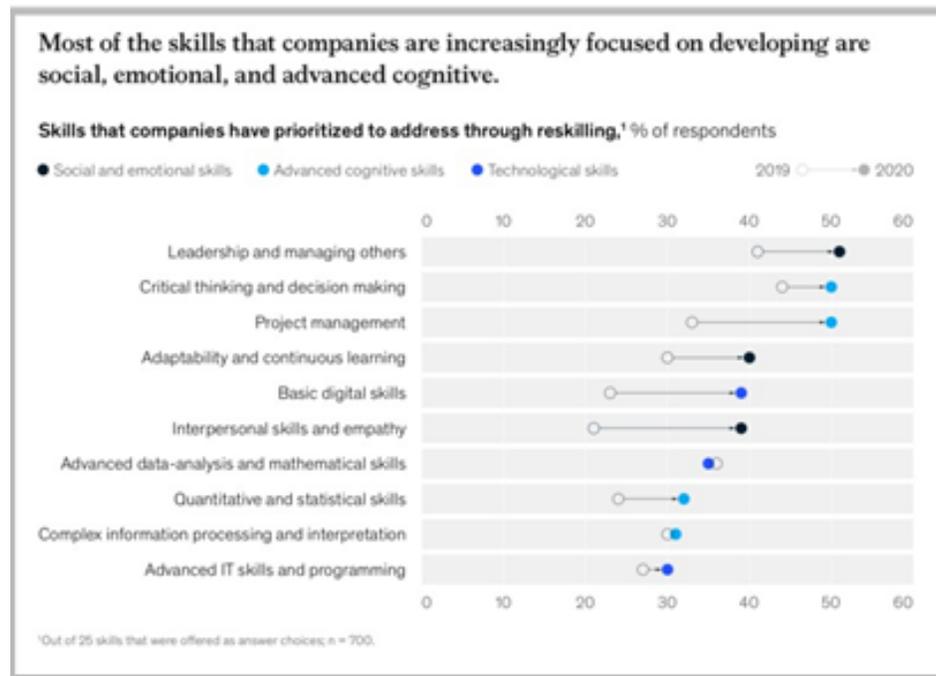


Courtesy: McKinsey Global Surveys, 2021: A year in review

Also, the survey focused on 25 specific skills that businesses should prioritize through the reskilling process, and more than 50% of respondents stated that a focus should be on the following skill sets- developing leadership, critical-thinking and decision-making, and project-management skills. Exhibit 7 further explains that the two categories of skills which needed to be

prioritized through the reskilling process were: social and emotional skills and advanced cognitive skills. It also notifies that interpersonal skills and empathy skills and basic digital skills have also become an obvious preference for firms since the pandemic started.

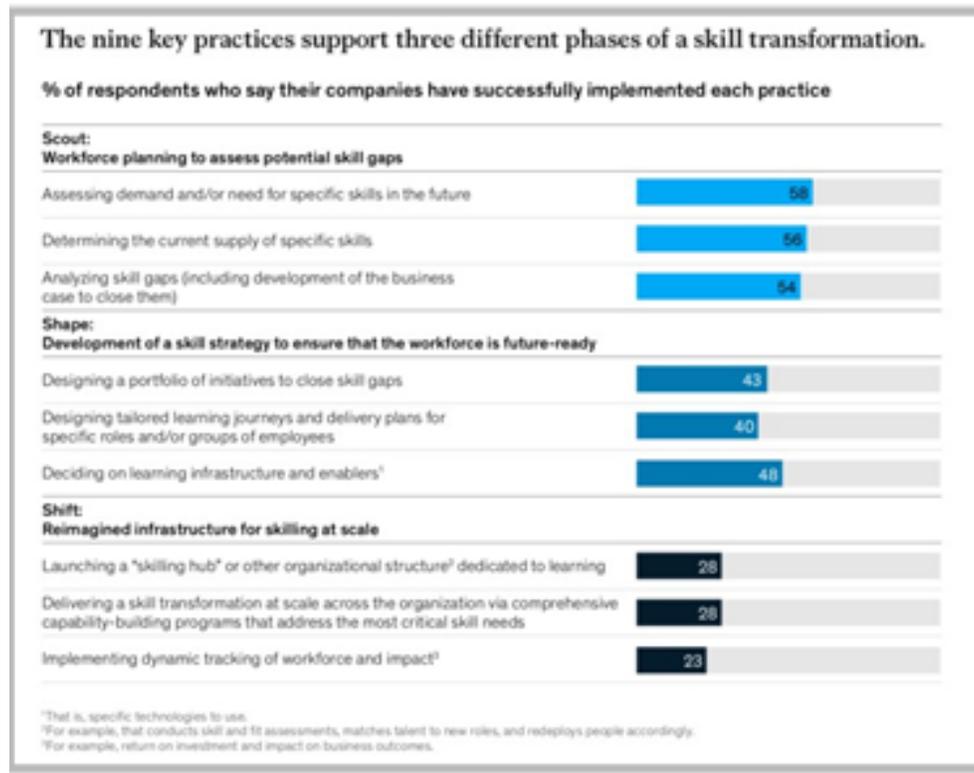
Exhibit 7: Skill sets that firms focus on through the reskilling process



Courtesy: McKinsey Global Surveys, 2021: A year in review

A company relies on nine practices which support three different phases of a skill transformation, which are portrayed in Exhibit 8. The first phase “Scout” comprises immediate workforce planning to recognize skill gaps, which involves correlating the firm’s existing supply of skills with the demand for particular skills, established on its strategic aim, digital program, and across-the-board business model. The second phase “Shape” concentrates on how firms shape the skilled technique to predict gaps, by uncovering the right mix of actions, which involves building skills and comprehending format utilization, designing and delivering learning journeys to employees, establishing necessary infrastructure and administration for learning. The third phase “Shift” encompasses the execution and release of skill-building actions across the organization through skill hubs and dedicated programs, and having a dynamic system for tracking the impact of learning.

Exhibit 8: The survey results of the nine key practices which companies adopt for skill transitions

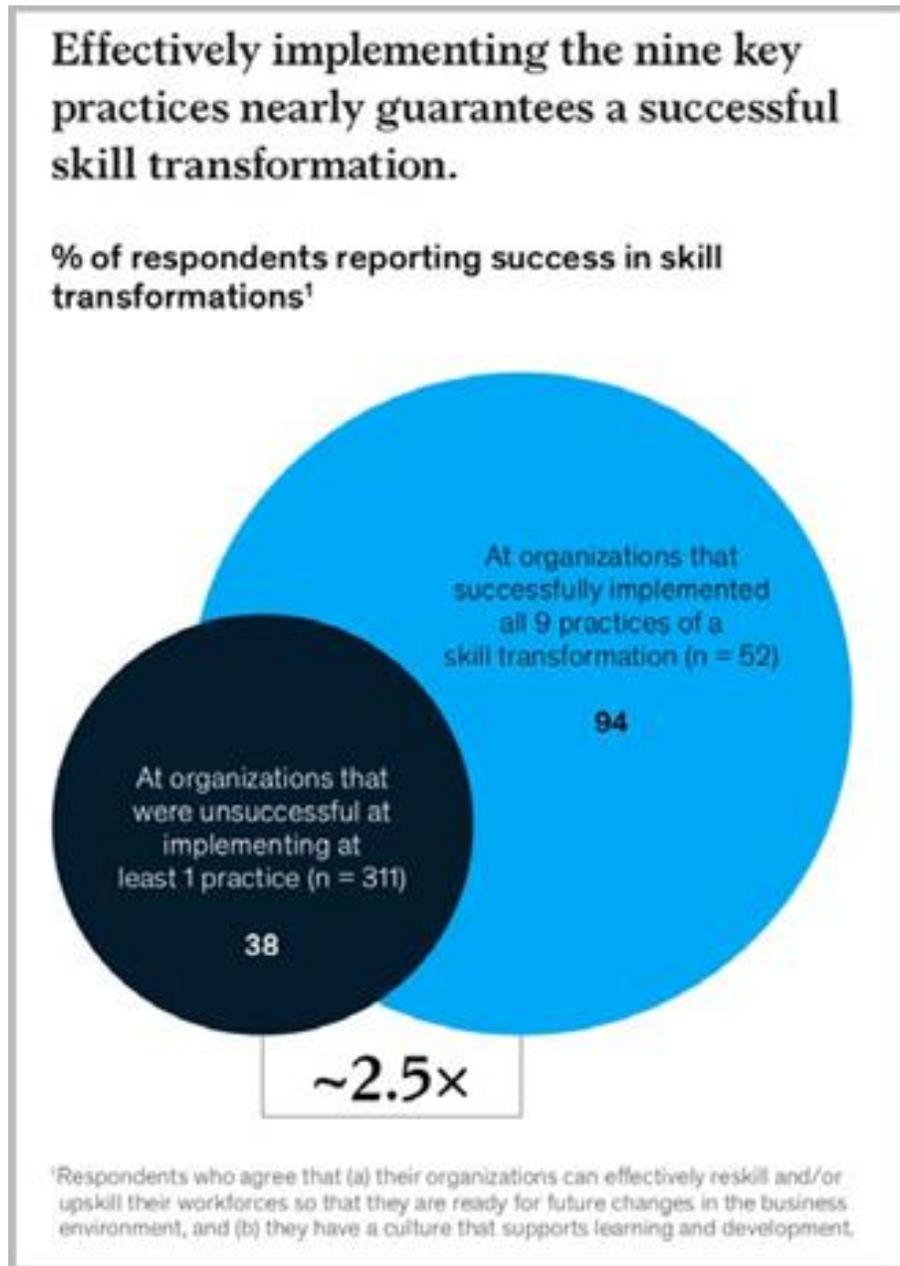


Courtesy: McKinsey Global Surveys, 2021: A year in review

71% to 90% of firms claim their skill transformations have had a favorable effect on business outcomes which are namely - the proficiency to recognize industry techniques, employees' accomplishment and satisfaction, and prestige as an employer.

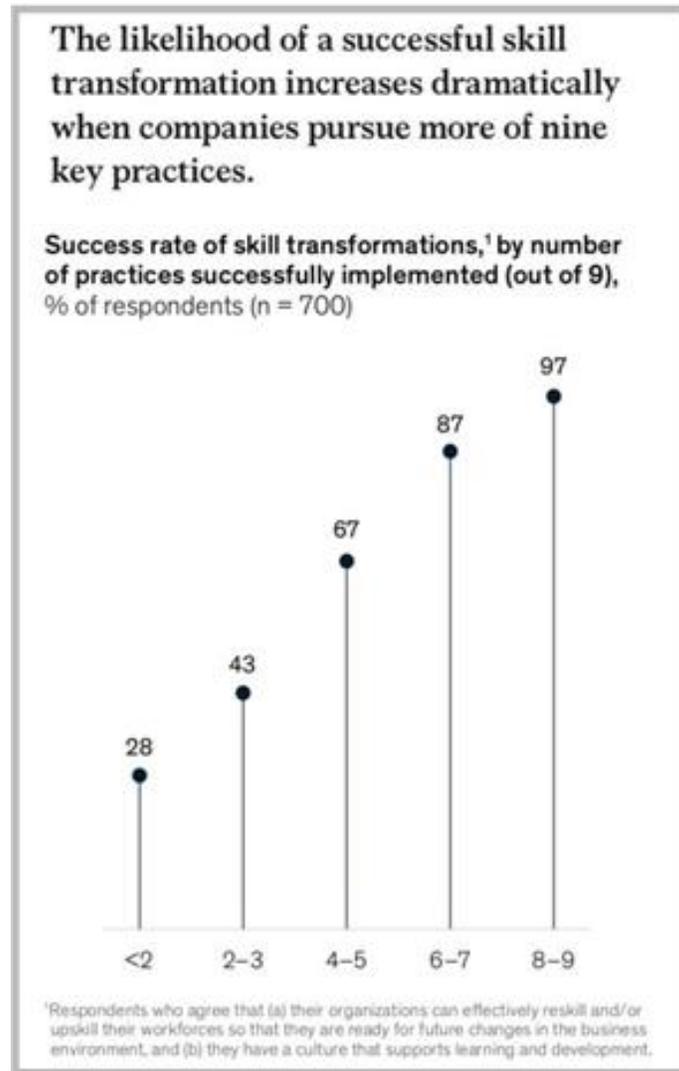
Survey respondents report that business institutions that have enforced all 9 practices described in Exhibit 9 have a nearly 100% chance of having a successful skill transformation, which is 2.5 times greater than the success rate for associations that have failed to implement at least one of the practices. View Exhibit 10 which explains this in a diagrammatic formation. However, several firms face difficulties with the practices associated with the infrastructure and delivery of skilling efforts.

Exhibit 9: Percentage of survey participants who reported success through skill transformations



Courtesy: McKinsey Global Surveys, 2021: A year in review

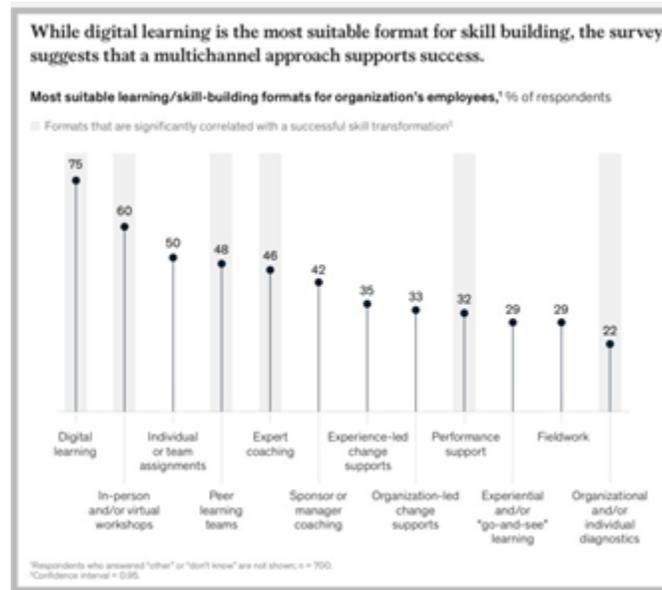
Exhibit 10: The chances of success through skill transformations when firms use more of the nine key practices



Courtesy: McKinsey Global Surveys, 2021: A year in review

Exhibit 11 depicts that out of 12 learning formats for skills transformation, digital learning along with in person or virtual workshops and individual or team assignments prove to be the most effective. Also, respondents say that approximately five formats are suitable for firms to assist in the skill transformation of their employees.

Exhibit 11: Suitable options for skill-building formats



Courtesy: McKinsey Global Surveys, 2021: A year in review

Businesses are required to prepare their employees for a future where new skills are evolving perpetually and work methodologies are not permanent and employees are continuously learning. Employers need to focus on three keys to building a more skilled post-pandemic workforce which are listed below:

1. Business companies should make a comprehensive inventory of skills across the organization, have a fact base supporting an enterprise-wide supply-and-demand criterion for existing and future roles and be aware of the skills deficits they face.
2. Firms should develop a “skills hub” to manage, operationalize, and scale demand-supply of skills transformations of workers, as hiring new employees can be more than twice as costly as up skilling and reskilling existing employees. Exhibit 12 explains how skill hubs perform their tasks and assist firms.
3. Integrating skill building with the whole ecosystem in mind can enable corporations as well as communities and other stakeholders. For example, during the early pandemic days of the lockdown phase, Dubai-based Majid Al Futtaim reskilled approximately one thousand workers from its cinema business to work in its grocery business. Hence, businesses are more inclined to gain an edge in skill establishment when their leaders are

willing to question old assumptions and theories.

Exhibit 12: How developing skill hubs can help businesses



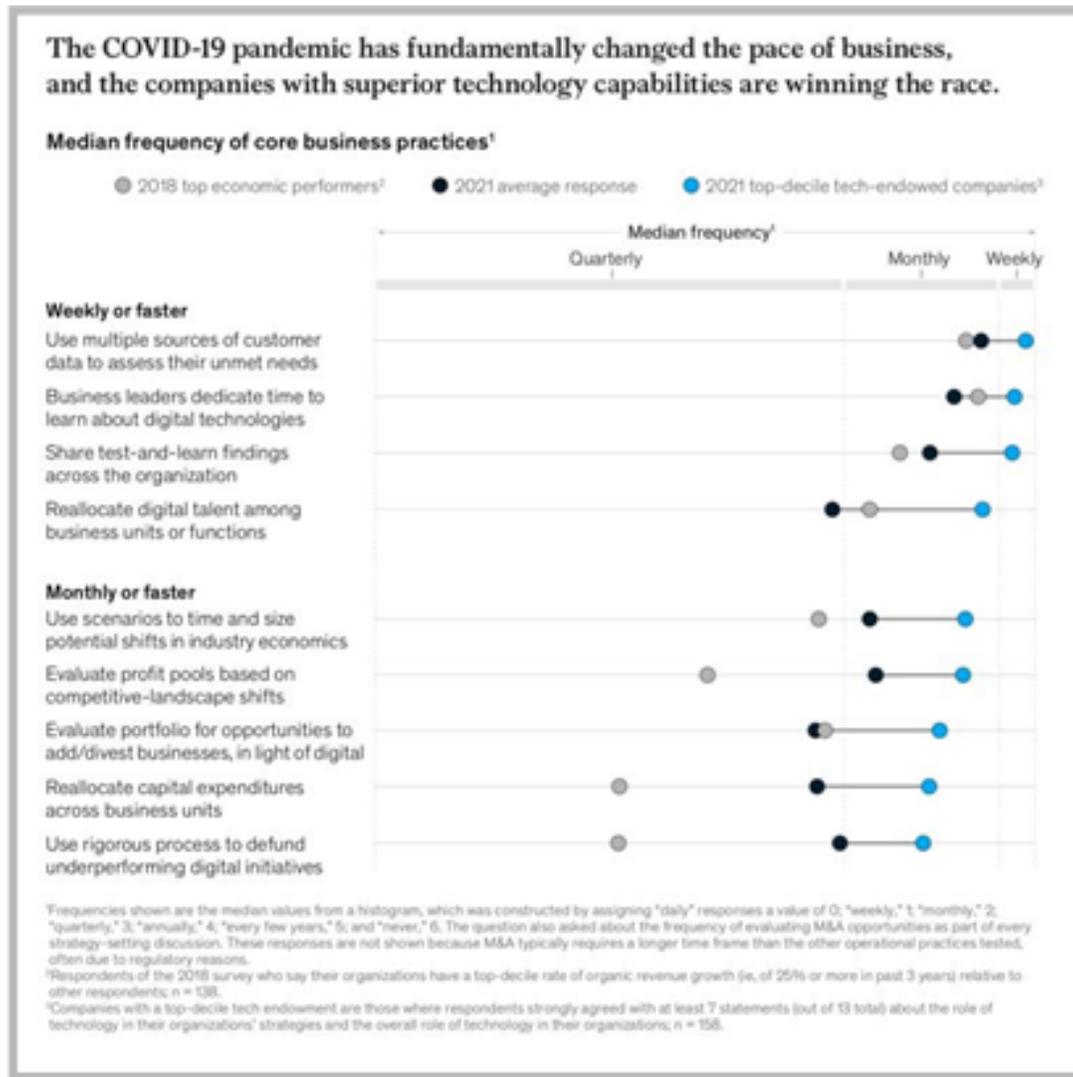
Courtesy: McKinsey Global Surveys, 2021: A year in review

Planning Strategies Post The Pandemic: The New Digital Era

The Fourth Industrial Revolution—the application of artificial intelligence and data sciences, the proliferation of e-commerce beyond limits, along with digitization of financial services and business merchandise from design to production—was questionable in early 2021 but the pandemic sped up these new strategies by at least the three to seven years, and today there are significant not only for national productivity but also for the individual success of businesses and industrial sectors.

McKinsey Global Survey on digital strategy conducted from January 19 to January 29, 2021, and garnered responses from 1,140 business leaders from varied industries across the globe, demonstrates that technology skills will be crucial for firms to exist post the pandemic. Exhibit 13 depicts how firms are rethinking the role of digital technology in their comprehensive business policies, core practices and how to conduct business at a rapid speed that's now needed to administer.

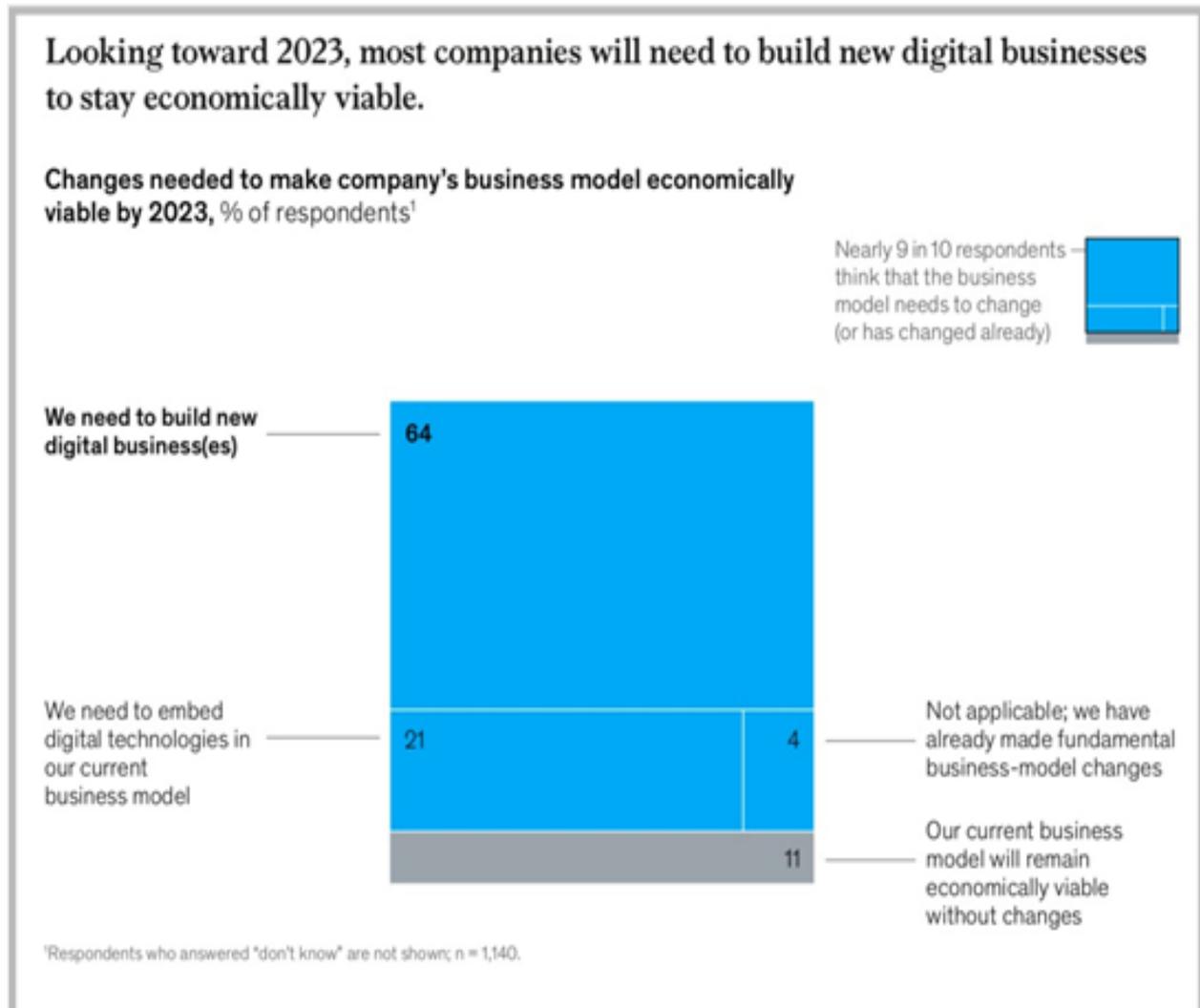
Exhibit 13: McKinsey Global Survey results depicting the pace of adoption of digital technologies by firms



Courtesy: McKinsey Global Surveys, 2021: A year in review

Further, the survey results demonstrate that many respondents realize that their firm's digital business models are becoming outdated and only 11% of respondents acknowledge their existing business models will be economically feasible through 2023, while 64% claim their firms are required to create new digital business models, which is depicted in Exhibit 14.

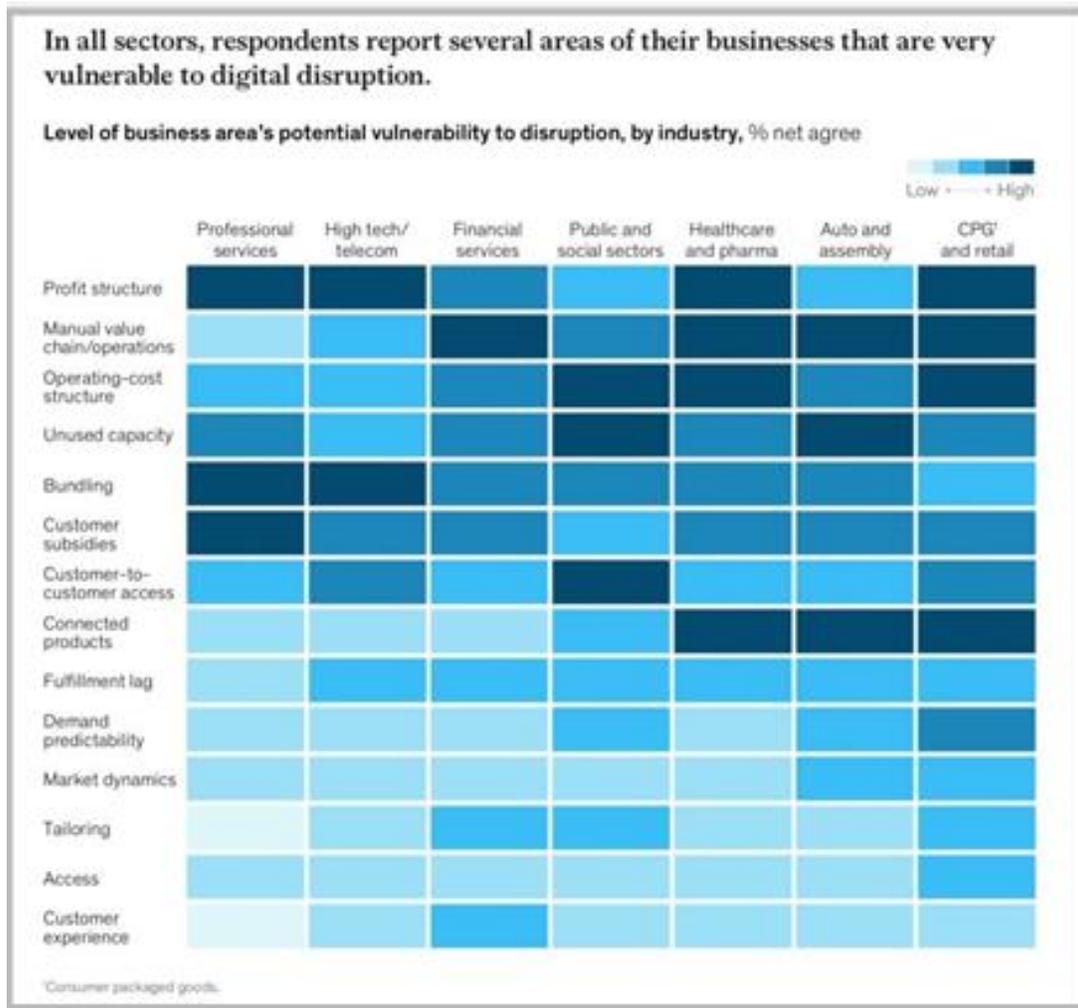
Exhibit 14: McKinsey Global Survey results on new digital business models



Courtesy: McKinsey Global Surveys, 2021: A year in review

However, this has made businesses very vulnerable to technological disruptions impacting their profit patterns, capacity to bundle products, and operations. Buyers, workers, and value-chain partners have broadened their usage of technology, which has given rise to the obstacles to digital disruption and paved the path for additional immediate, technology-driven modifications going ahead. Exhibit 15 explains in-depth these technological disruptions for multiple industries.

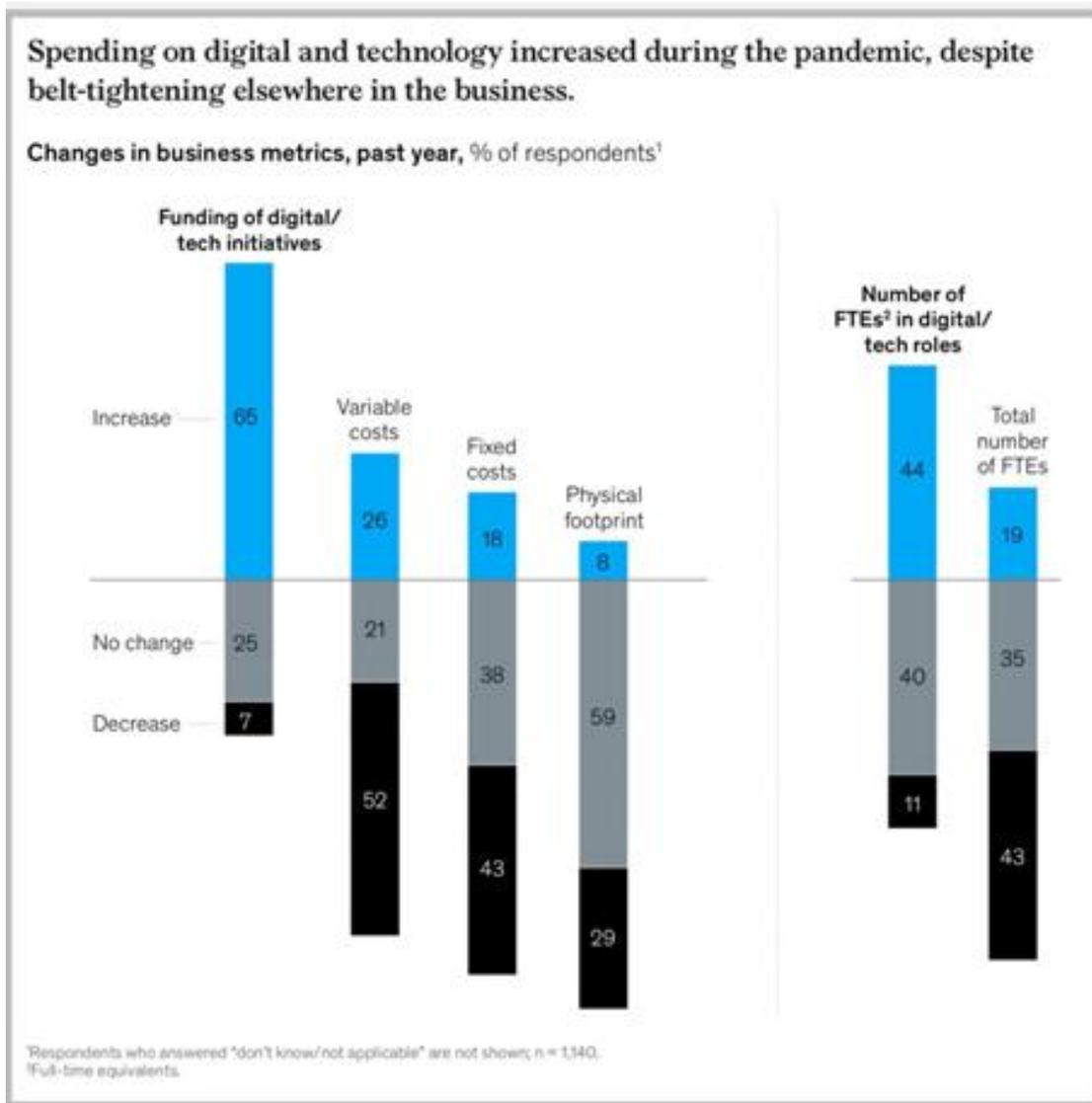
Exhibit 15: McKinsey Global Survey results on technological disruption for businesses



Courtesy: McKinsey Global Surveys, 2021: A year in review

In order to cater to new demands in the pandemic, firms are creating digital and technology investments across the business model both in terms of strategy and operations. Exhibit 16 explains this further.

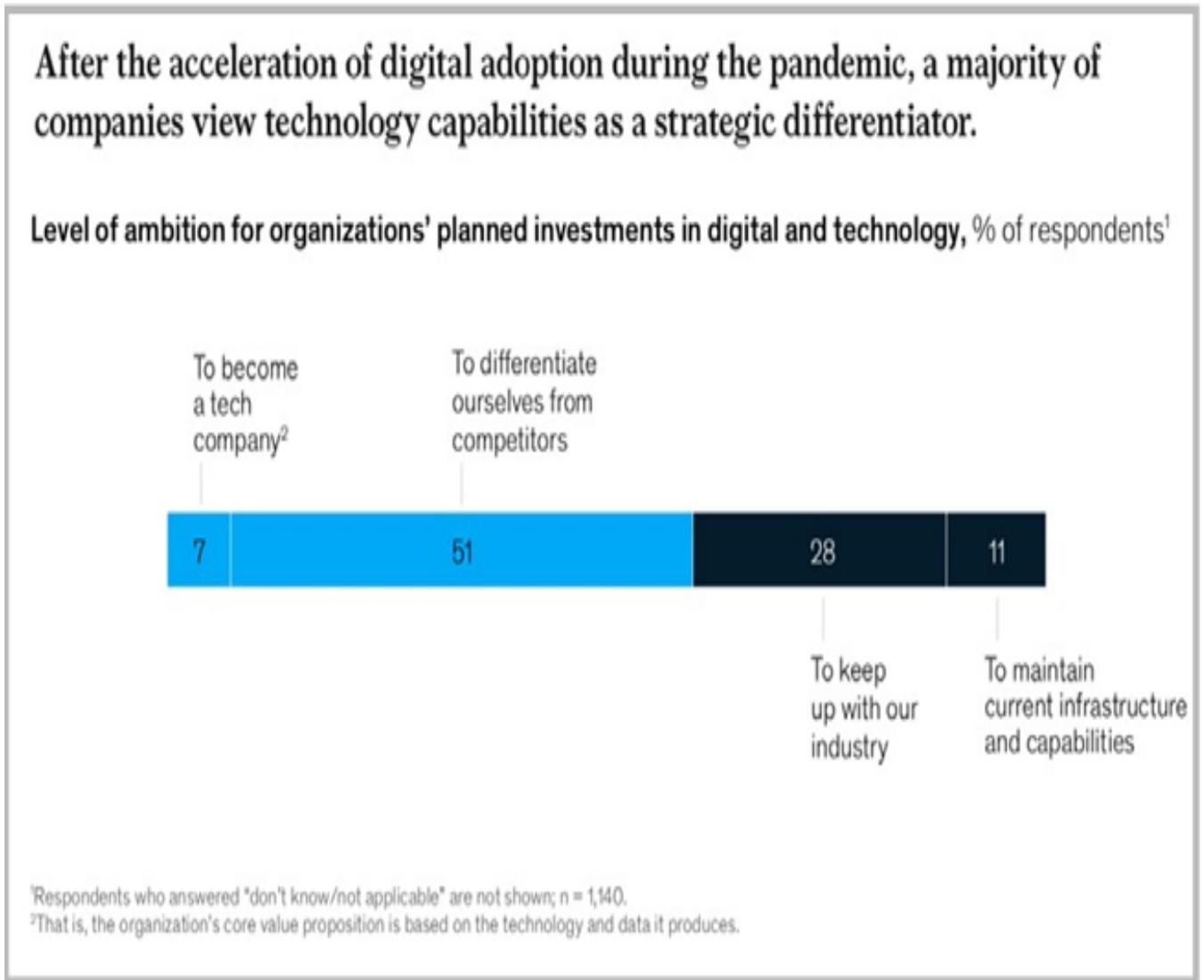
Exhibit 16: McKinsey Global Survey results on investments in digital technology



Courtesy: McKinsey Global Surveys, 2021: A year in review

Firms now believe that technology is more than just a cost driver and it is the manner in which firms can strategically differentiate themselves from competition. View Exhibit 17 to gain further information regarding this aspect.

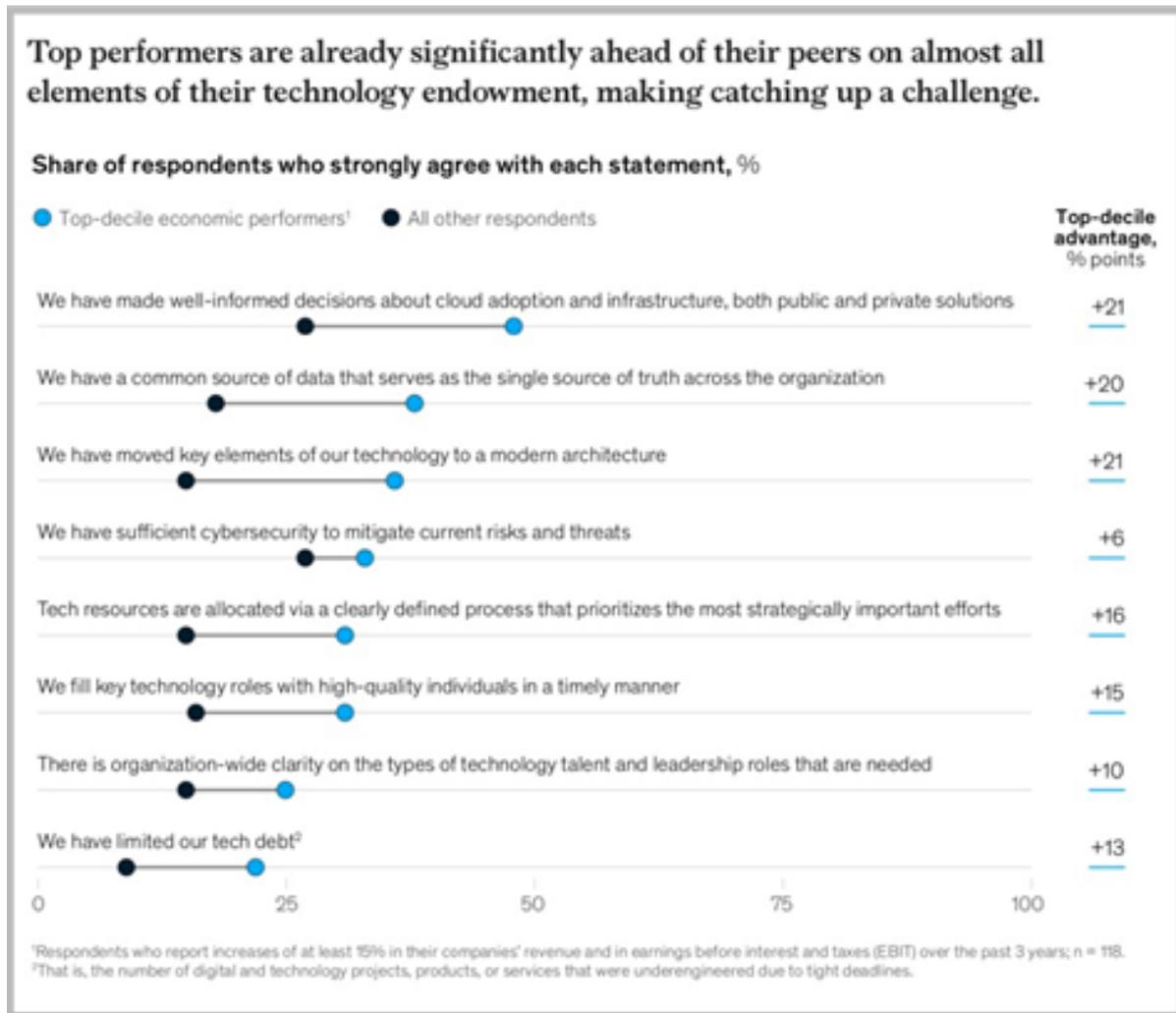
Exhibit 17: Technology capabilities emerge as a strategic differentiator



Courtesy: McKinsey Global Surveys, 2021: A year in review

Exhibit 18 demonstrates that the highest-performing firms are capable of making bolder investments in technology and more inclined to benefit from a successful transformation.

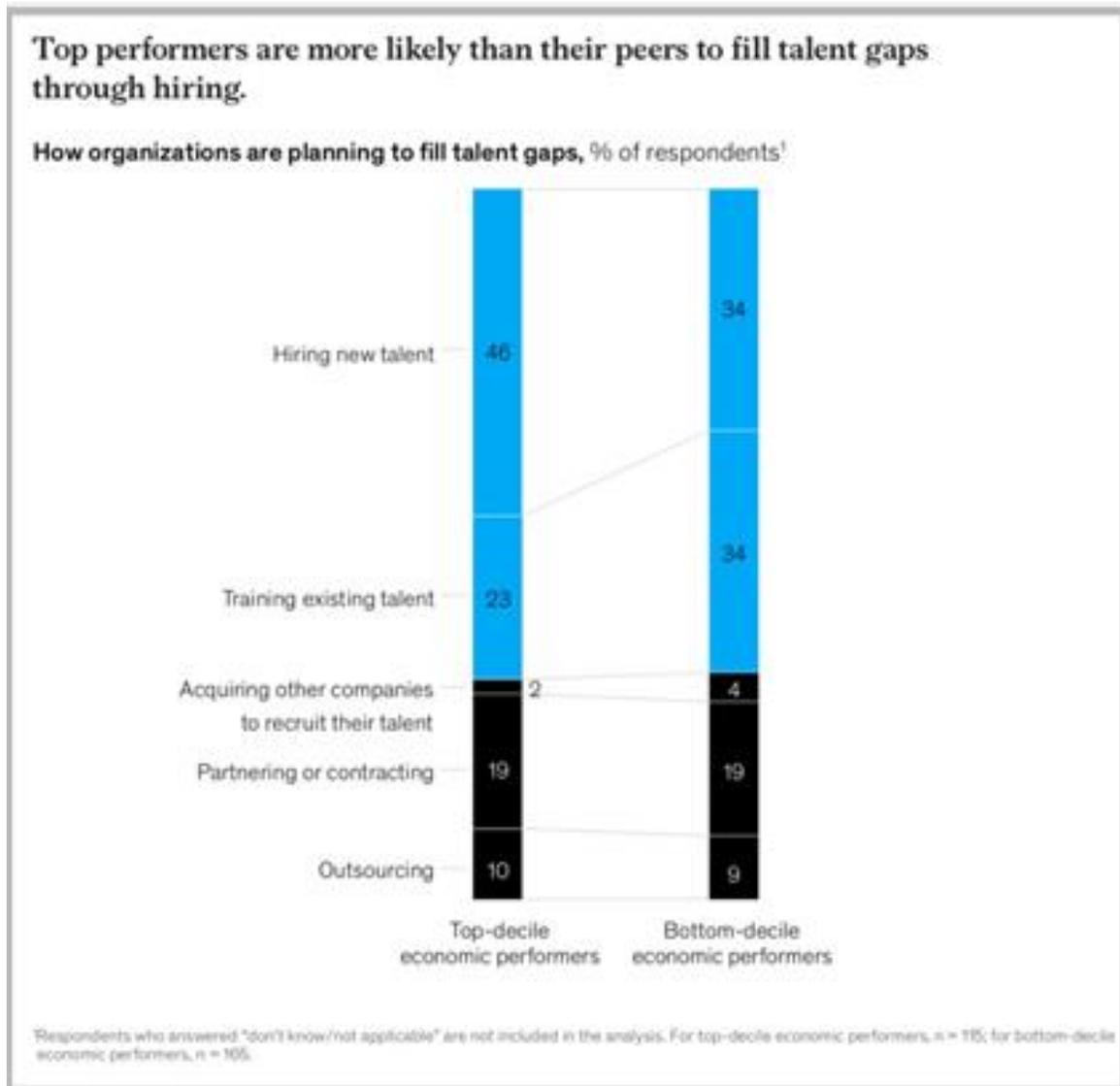
Exhibit 18: McKinsey Global Survey links between technology endowments and economic performance



Courtesy: McKinsey Global Surveys, 2021: A year in review

Exhibit 19 demonstrates McKinsey survey results, stating that critical talent gaps in technology from the board members to the front line workers in the top economic performers are filled by hiring new employees as compared to the bottom line economic performers who believe in both hiring new talent and training existing talent.

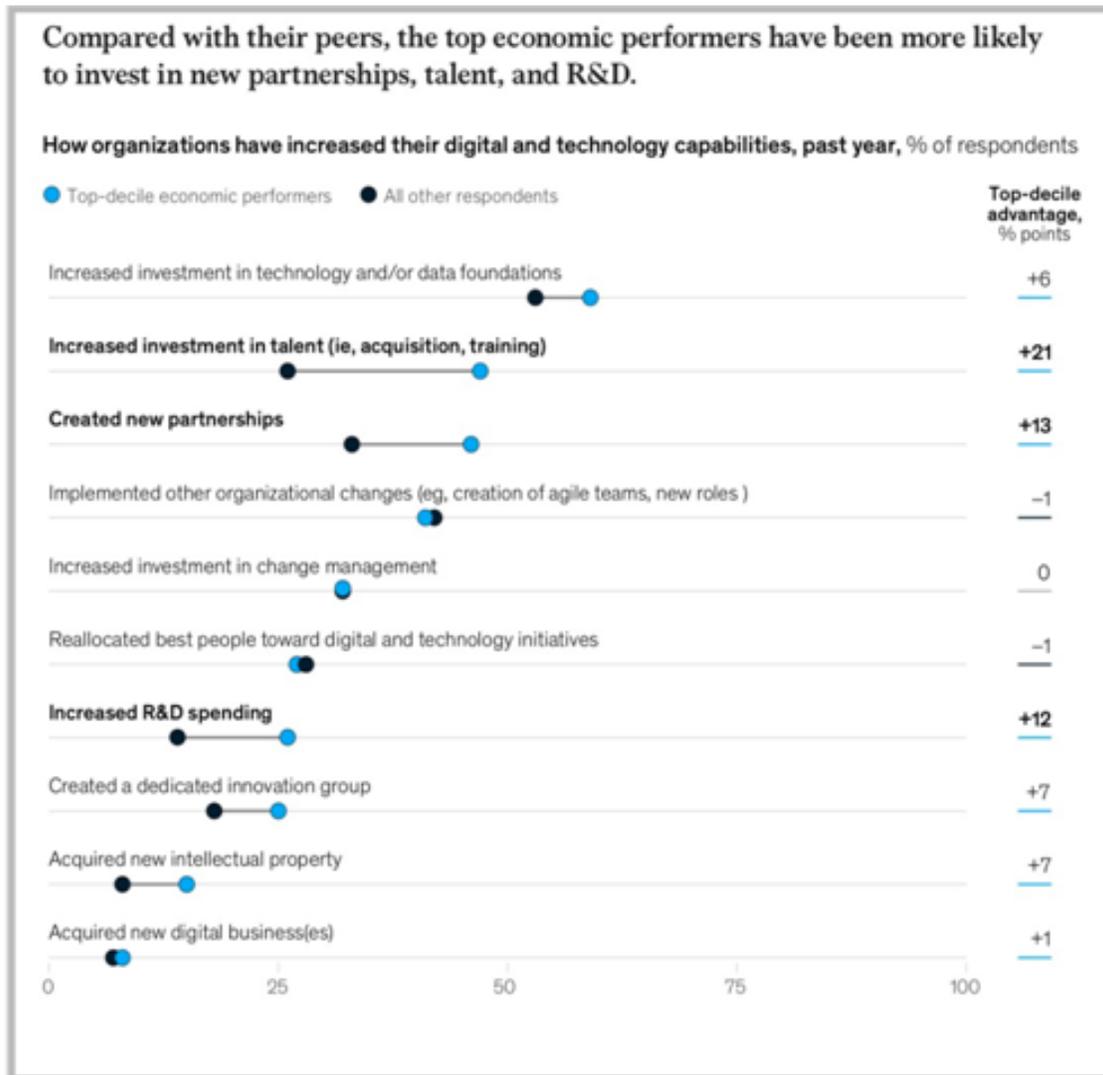
Exhibit 19: Survey results to fill talent gaps



Courtesy: McKinsey Global Surveys, 2021: A year in review

Exhibit 20 discusses how top economic performers make extra efforts as compared to their peers to achieve their technology objective by investing in talent, creating new partnerships and increasing their R & D spending.

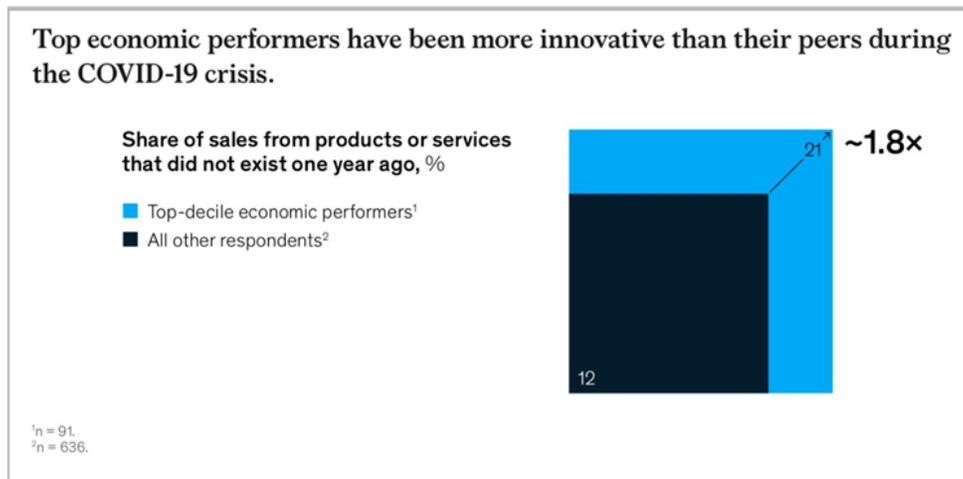
Exhibit 20: Survey responses to invest in talent, create new partnerships and increase their R&D spending



Courtesy: McKinsey Global Surveys, 2021: A year in review

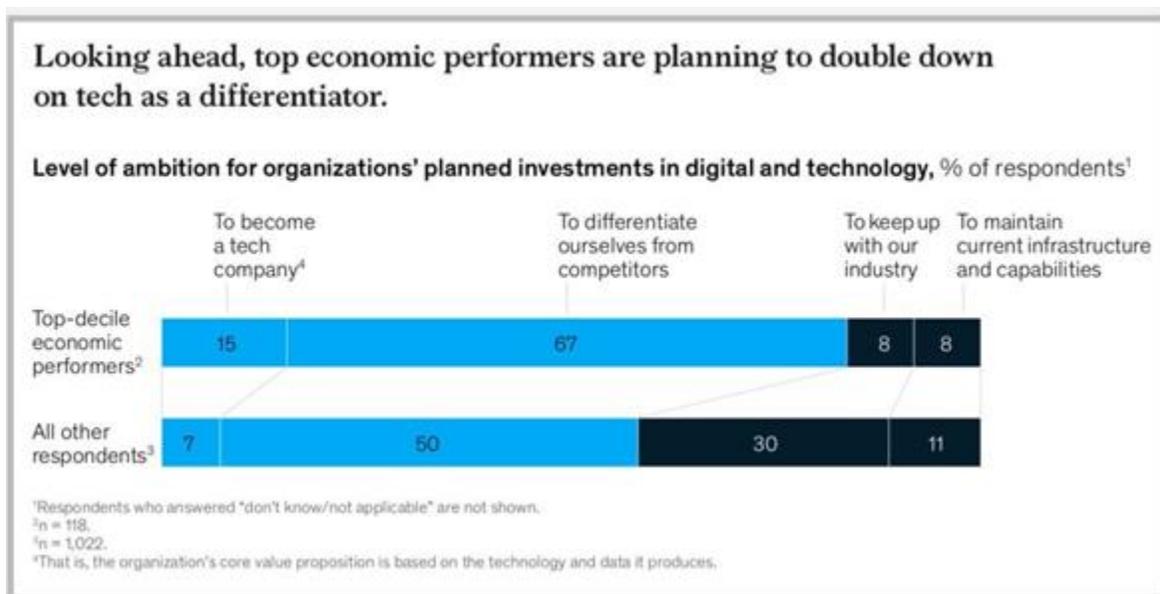
Exhibit 21 & 22 portray how top-decile performers formulate more assertive plans to distinguish themselves with technology to establish a larger share of their sales from products or services.

Exhibit 21: Survey results of share of sales of products or services by respondents



Courtesy: McKinsey Global Surveys, 2021: A year in review

Exhibit 22: Differentiation in firms due to adoption of new technologies

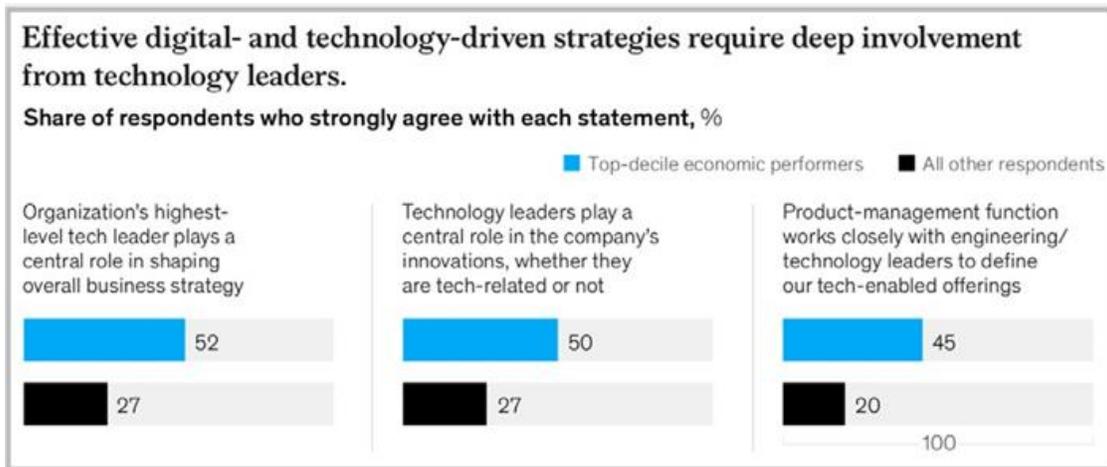


Courtesy: McKinsey Global Surveys, 2021: A year in review

Exhibit 23 & 24 depict that top performers among the survey respondents have twice the number of technology leaders who actively shape overall strategy and give tech leaders a major function

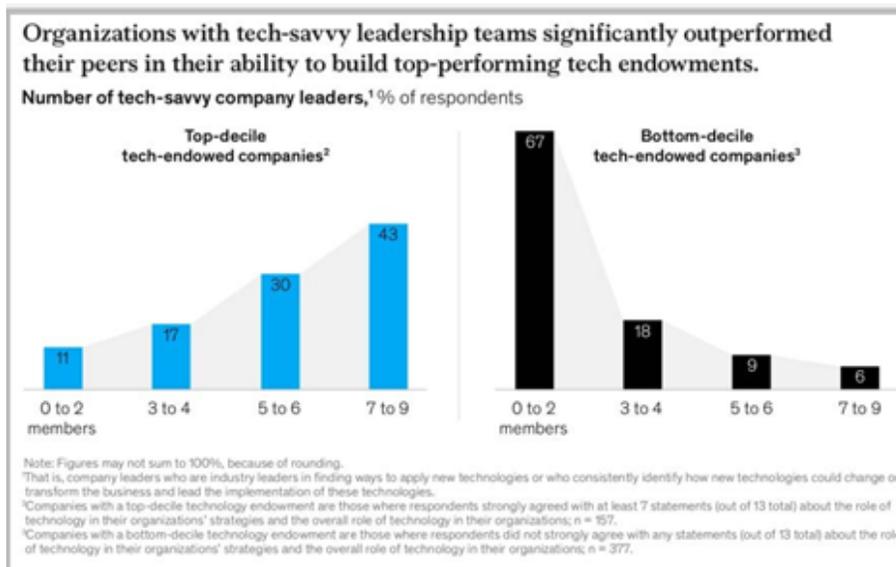
in innovation and product development. Further, these firms also out beat their peers to build tech endowments.

Exhibit 23: Tech-savvy leadership enabled top performers to earn a more valuable future



Courtesy: McKinsey Global Surveys, 2021: A year in review

Exhibit 24: Tech-savvy leadership teams build top-performing tech endowments



Courtesy: McKinsey Global Surveys, 2021: A year in review

The pandemic which stimulated digital technology adoption has led to the enlarged gap between the prime and lowest corporations, hence segregating digital leaders with greater technology endowments, on the power curve of economic profit. Exhibit 25 portrays how digital strategy is amending business opportunities to out beat competition.

Exhibit 25: Changing technology and digital strategies

Digital strategy is changing the big moves that drive companies to outperform their competitors.

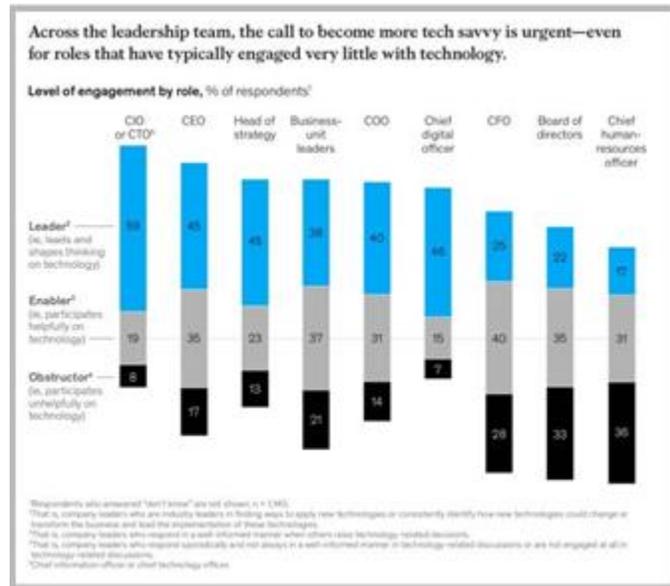
Big moves	What worked in the past 10 years	How technology and digital are changing the game
Differentiation improvement	A company's average gross margin must exceed its industry's by 30% over 10 years	Most companies must differentiate by delivering new digital products, services, and experiences faster than competitors and capturing winner-takes-most dynamics
Productivity improvement	SG&A ¹ activity relative to industry in top 20% of companies; labor relative to industry in top 30% of companies	The bar for cost performance is lean greenfield attackers instead of the most efficient incumbent peer
Capital expenditure	Maintaining a ratio of capital expenses to sales in excess of 1.7 times the industry median for at least 10 years	Companies are either investing big in differentiating tech assets or going "capital light"
Resource reallocation	Shifting >50% of capital spending across different business units over 10 years	Because digital is shifting value pools more rapidly, companies must reallocate resources at a faster pace to ensure they are aligned with tailwinds and growth
Mergers, acquisitions, and divestments	Series of smaller deals amounting to >30% of market capitalization over 10 years; no deal >30% of market capitalization	Companies are anchoring on a single large digital acquisition to leapfrog their digital capabilities and culture before embarking on programmatic M&A

¹Selling, general, and administrative.

Courtesy: Corporate Performance Analytics by McKinsey; McKinsey analysis

A gaining digital strategy compels fresh twists on familiar moves - using digital technology to innovate products, services, and business models, hence enhancing productivity and cost excellence. Surpassing digital expects an increased degree of tech-savvy, not just from technology leaders within the institution but from the whole leadership team, which is discussed in exhibit 26.

Exhibit 26: Tech-savvy leadership across the organization



Courtesy: McKinsey Global Surveys, 2021: A year in review

Generating Value From Sustainability

Sustainability and environmental, social, and governance (ESG) issues affect how all firms conduct business. As sustainability evolves more of a strategic and functional imperative, business leaders must govern the path to establish sustainable practices within their organization and this process involves significant business risks as well as opportunities.

As corporations mobilize to react to expanding sustainability interests, various firms have battled with the disagreements between sustainability and other business issues in the trade-offs implicated, decision-making and administration systems, and even worker and employer attitudes. These topics range from manufacturing new low-carbon corporations and commercializing green goods to managing environmental compliance and ESG reporting proactively.

To formulate sustainability as a true organization-wide issue, the following steps need to be incorporated-

1. Embed sustainability in the company’s strategy-setting procedure as a core requirement.
2. Shape the sustainability portfolio to reflect an integrated strategy in the capital structure,

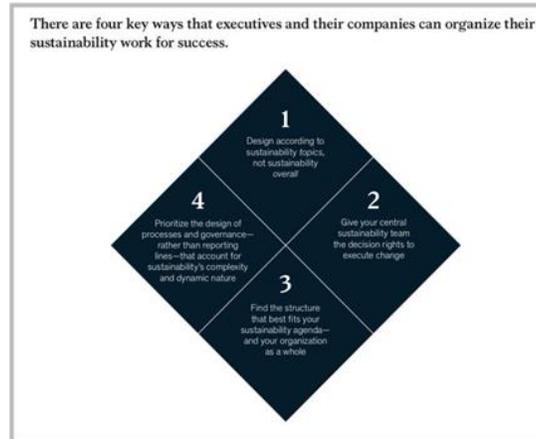
R & D funding etc.

3. To scale-up sustainable business exercises for a full transformation throughout the organization.

According to the McKinsey survey conducted from January 21 to January 31, 2020, which covered responses from 2,475 respondents from across the globe, from varied industries and firms of different sizes with multiple functional specialties' states that firms that generate value from their sustainability programs possess the following characteristics:

1. Such firms follow a distinctive set of management practices and make sustainability a strategic priority and an element of their corporate culture. They train their workers to integrate sustainability into their work.
2. These value-creating businesses approach sustainability matters as business opportunities and transform those goals into quantitative performance objectives, which reveal their robust role, their client expectations and their investors' demands.
3. These firms are more likely to engage buyers, business partners and supplier chains in their sustainability programs.
4. Value-creating businesses build organization-wide sustainability teams (like a product focused sustainable team) along with a central sustainable department which is accountable for results involving sustainable practices within the firm. Also, the central sustainability team should develop and define a corporate-level sustainability agenda and have the power to execute change if need be.
5. Exhibit explains the different types of organizational models firms can adopt to take decisions regarding sustainability. There is no right structure that applies to every firm and each firm will need a structure of its own right and will need to adjust this structure as per the current business conditions and requirements change.
6. Generally, sustainability investments have varied short-term risk-return profiles and greater uncertainty compared to more traditional investment types. Hence, numerous firms that lead on sustainability set aside a separate pool of budgets assigned for sustainability initiatives and programs have separate hurdle rates for sustainability investments, introduce an internal carbon price to account for carbon impact and its consequences and develop sustainability-specific performance metrics.

Exhibit 27: Keys to developing sustainable value creator institutions



Courtesy: McKinsey Global Surveys, 2021: A year in review

Exhibit 28: Some organizational models tend to be more effective than others at elevating sustainability as a true strategic priority

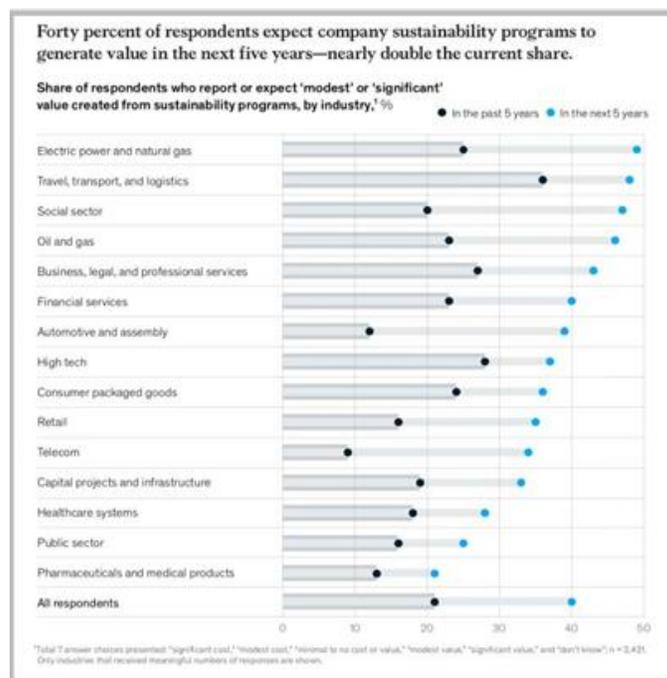


Courtesy: McKinsey Global Surveys, 2021: A year in review

7. These companies collaborate with each of their supply chains to manage their facilities, production processes, raw material procurement, safe waste material disposal and transportation services keeping sustainability in mind.
8. Such firms experience a long term promising future to attain revenue gains, expenditure reductions and other advantages that boost the enterprise value and reputation and meet industry norms.

The survey findings listed below in this section of the report bring to light the techniques and practices which are followed by businesses that are creating value from sustainability than by businesses that aren't. Exhibit 29 which depicts the survey results states that firms in the electric power and natural gas, travel transport and logistics, social sector, oil and gas etc. have already generated value from sustainability and nearly twice as many survey participants that are about 40% claim that they anticipate their programs and policies will generate modest to significant value in the coming five years.

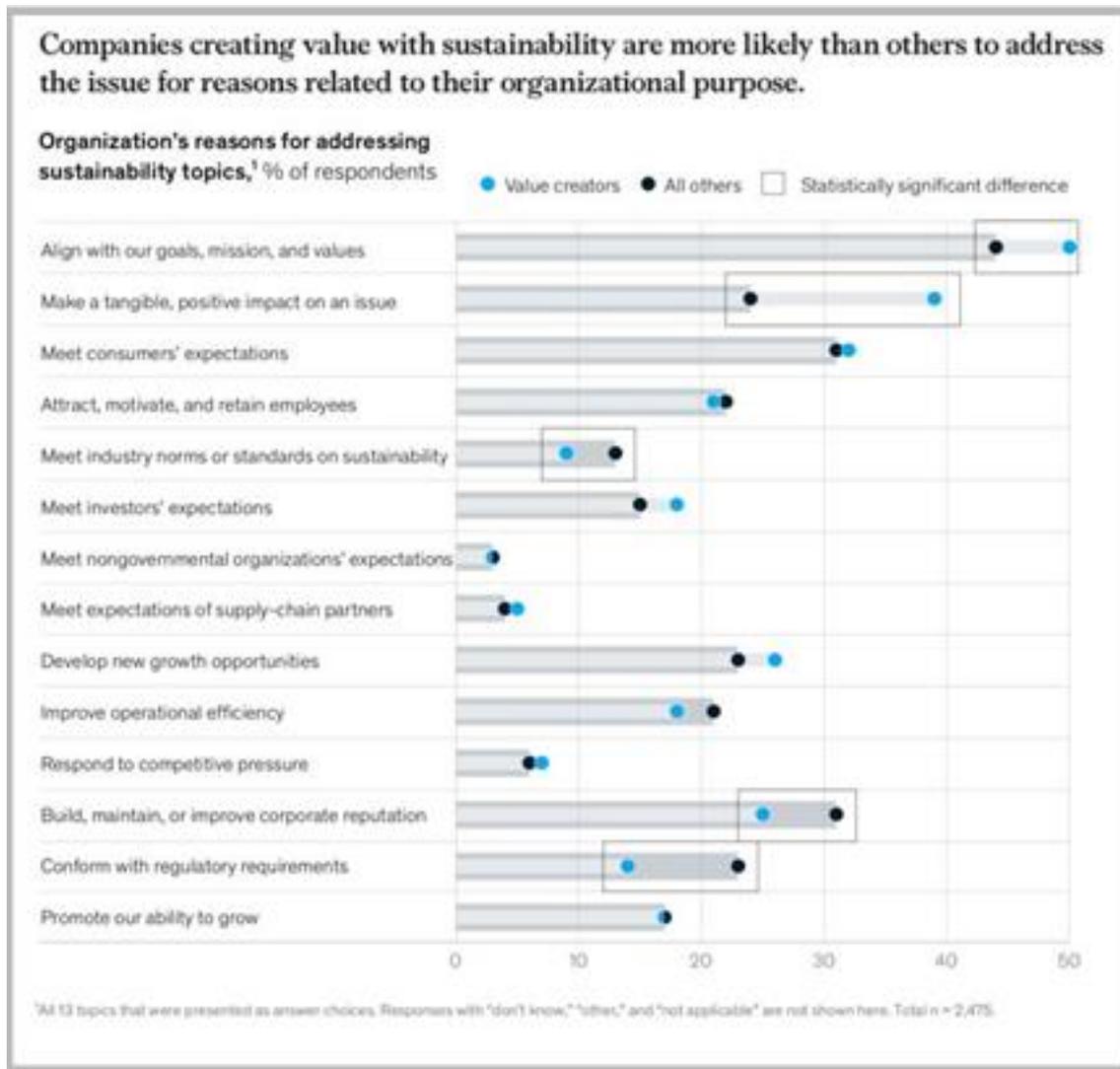
Exhibit 29: Share of McKinsey Survey respondents who expect modest to significant value created from sustainability programs



Courtesy: McKinsey Global Surveys, 2021: A year in review

Firms which are value creators keeping sustainability as a focus, align with their objectives to create a positive result on organizational issues. Exhibit 30 explains this in greater depth.

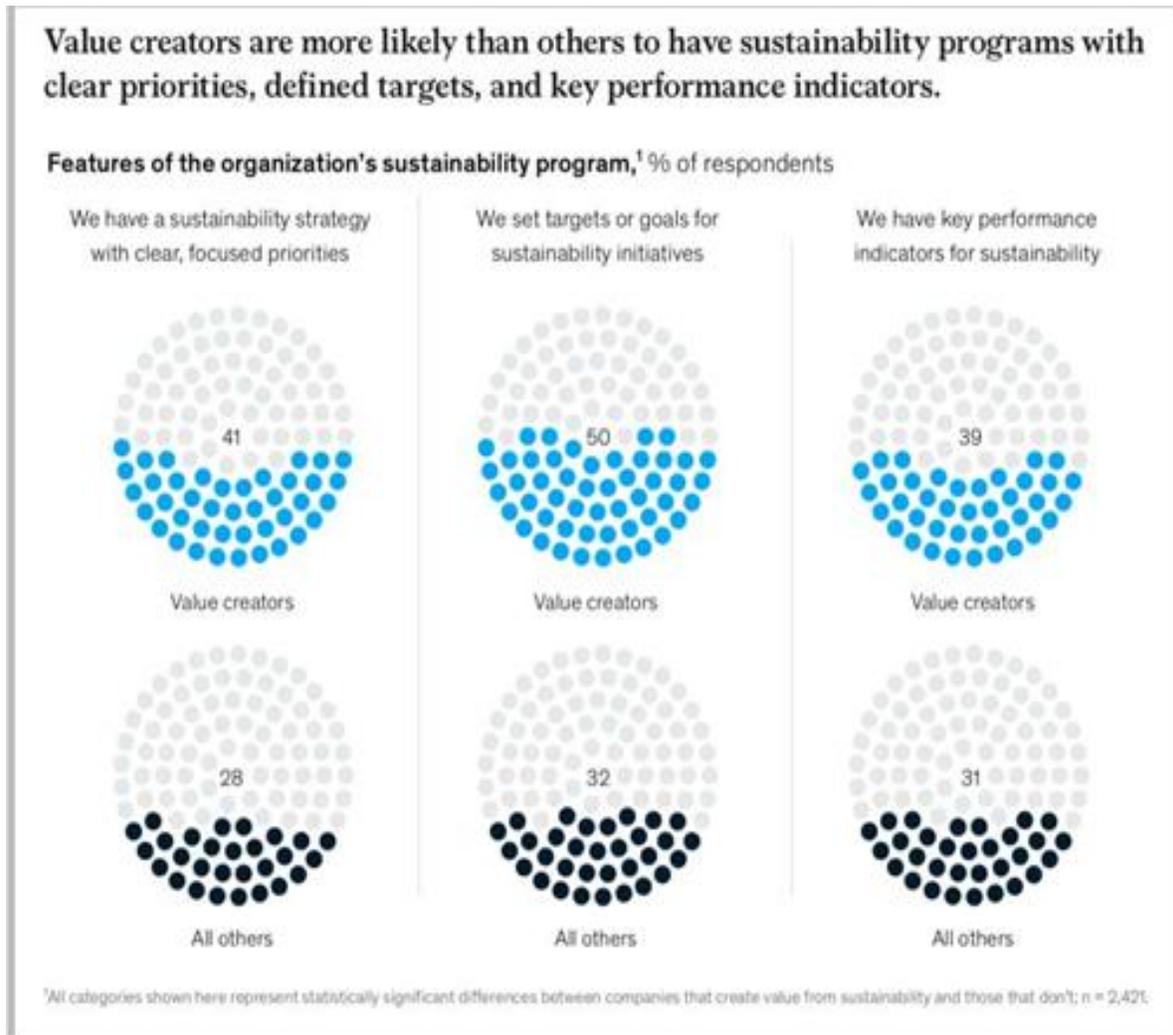
Exhibit 30: Firms creating value with sustainability for organizational issues



Courtesy: McKinsey Global Surveys, 2021: A year in review

Exhibit 31 portrays that value creator firms participating in the survey are relatively more inclined to ascertain apparent and targeted priorities, fix objectives, and formulate key performance pointers for sustainability as compared to other firms.

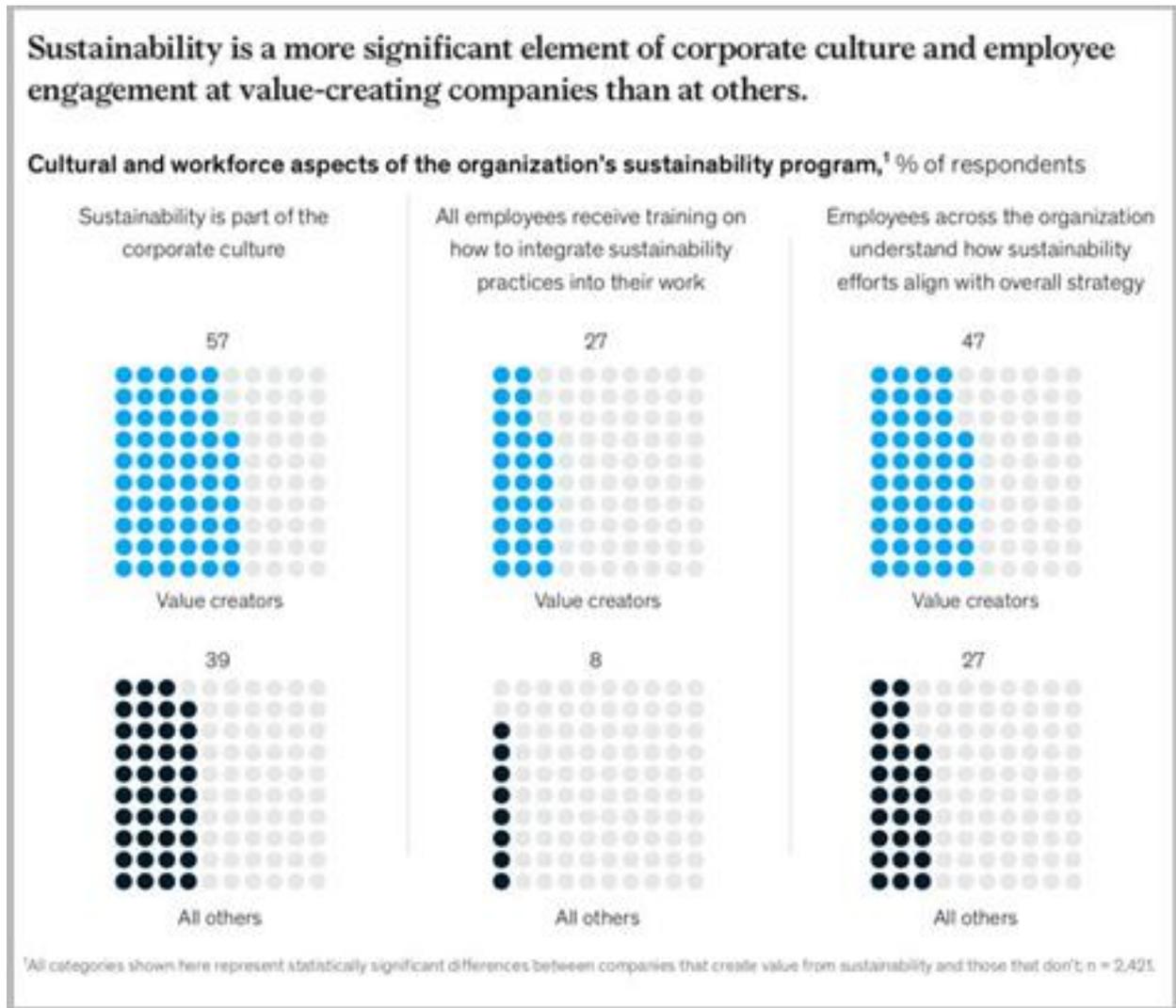
Exhibit 31: Features of institutions keeping sustainability practices in mind



Courtesy: McKinsey Global Surveys, 2021: A year in review

Further, the survey results portray that about three-fifths of the participants belonging to the value creators category claim that sustainability is a major part of the corporate culture and their workers acquire training on integrating sustainability practices into their work and comprehend how their sustainability actions align with the firm's policy. Also, such institutions assess sustainability performance to a moderate or considerable magnitude when formulating conclusions about workers' compensation. Exhibit 32 explains this sustainable corporate culture survey results in a diagrammatic presentation.

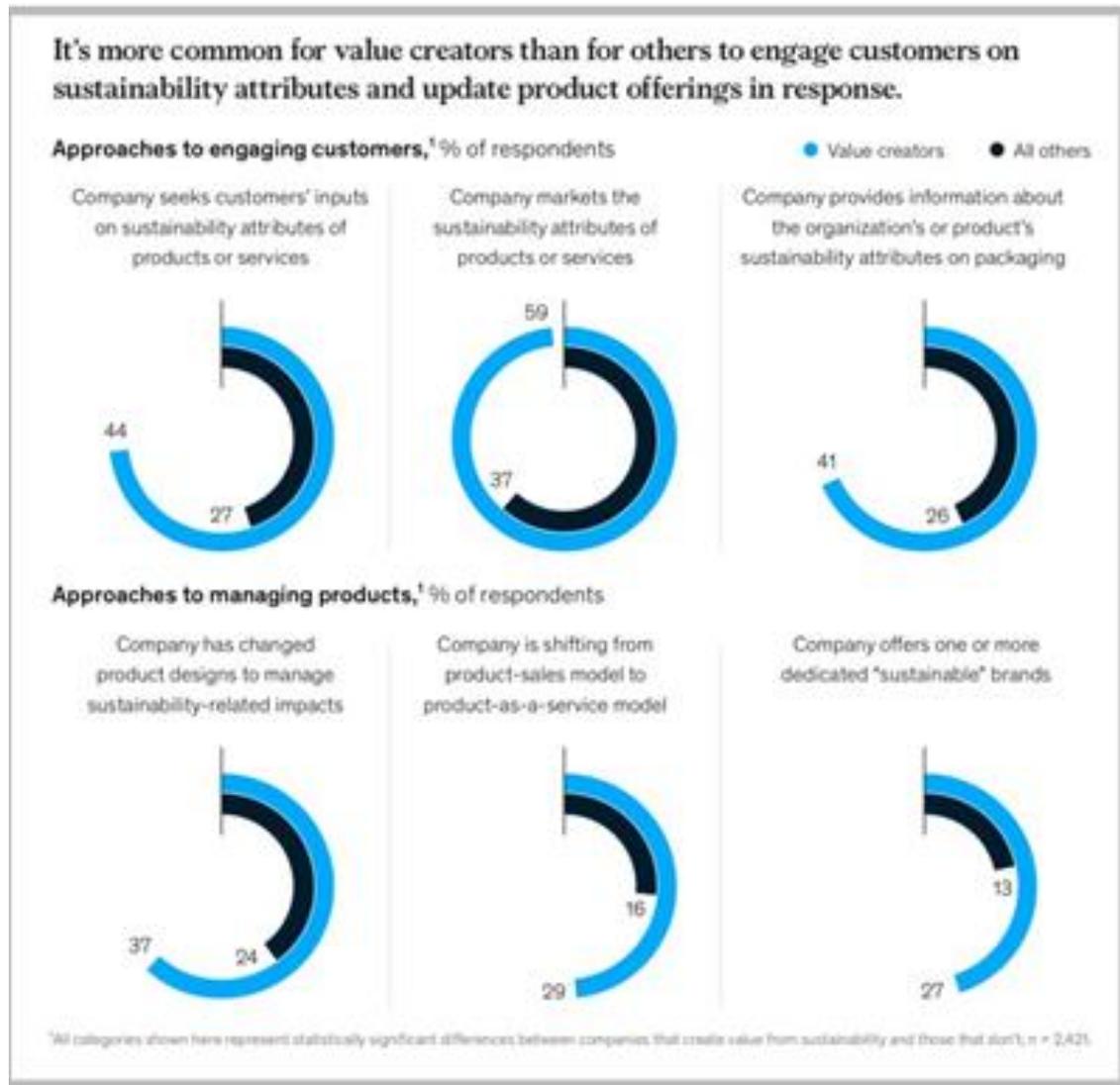
Exhibit 32: Sustainability a part of corporate culture



Courtesy: McKinsey Global Surveys, 2021: A year in review

Value creator firms are more inclined towards altering product designs, offering sustainable brands, highlighting sustainable attributes of their product and services in their marketing campaigns and formulating fresh product-as-a-service models to deal with sustainability issues. Exhibit 33 explains these survey results in detail.

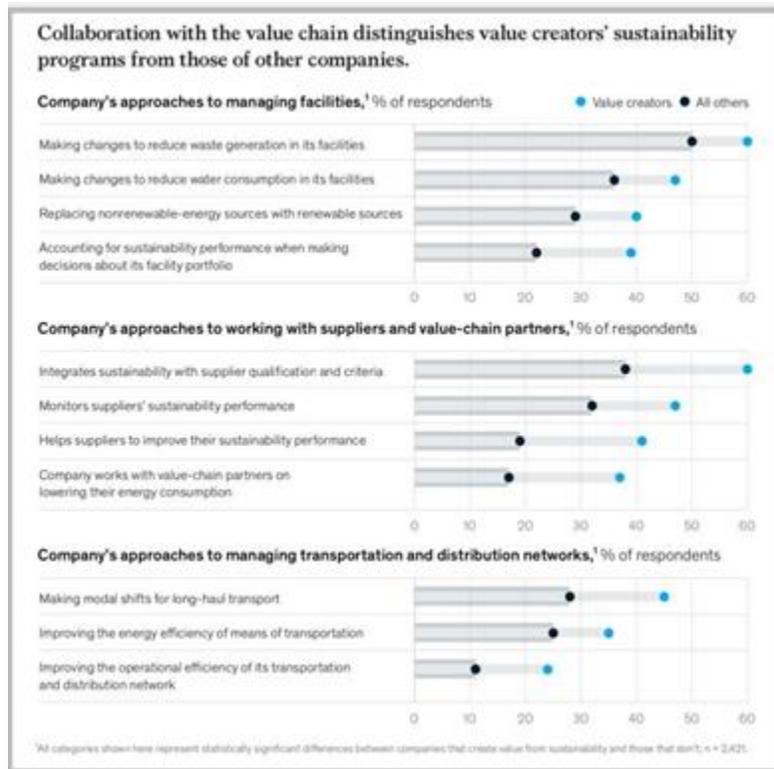
Exhibit 33: Value creator firms' contribution to engaging in client sustainability attributes



Courtesy: McKinsey Global Surveys, 2021: A year in review

The value-chain engagement of such firms depends on the sustainable practices followed by their raw material suppliers, contract manufacturers, distributors and transporters, energy and water utilization management, waste generation and scientific waste disposal techniques used. Exhibit 34 explains how much the value chains of value creators' sustainability programs differ from their counterparts.

Exhibit 34: Level of participation with value chains to attain sustainability



Courtesy: McKinsey Global Surveys, 2021: A year in review

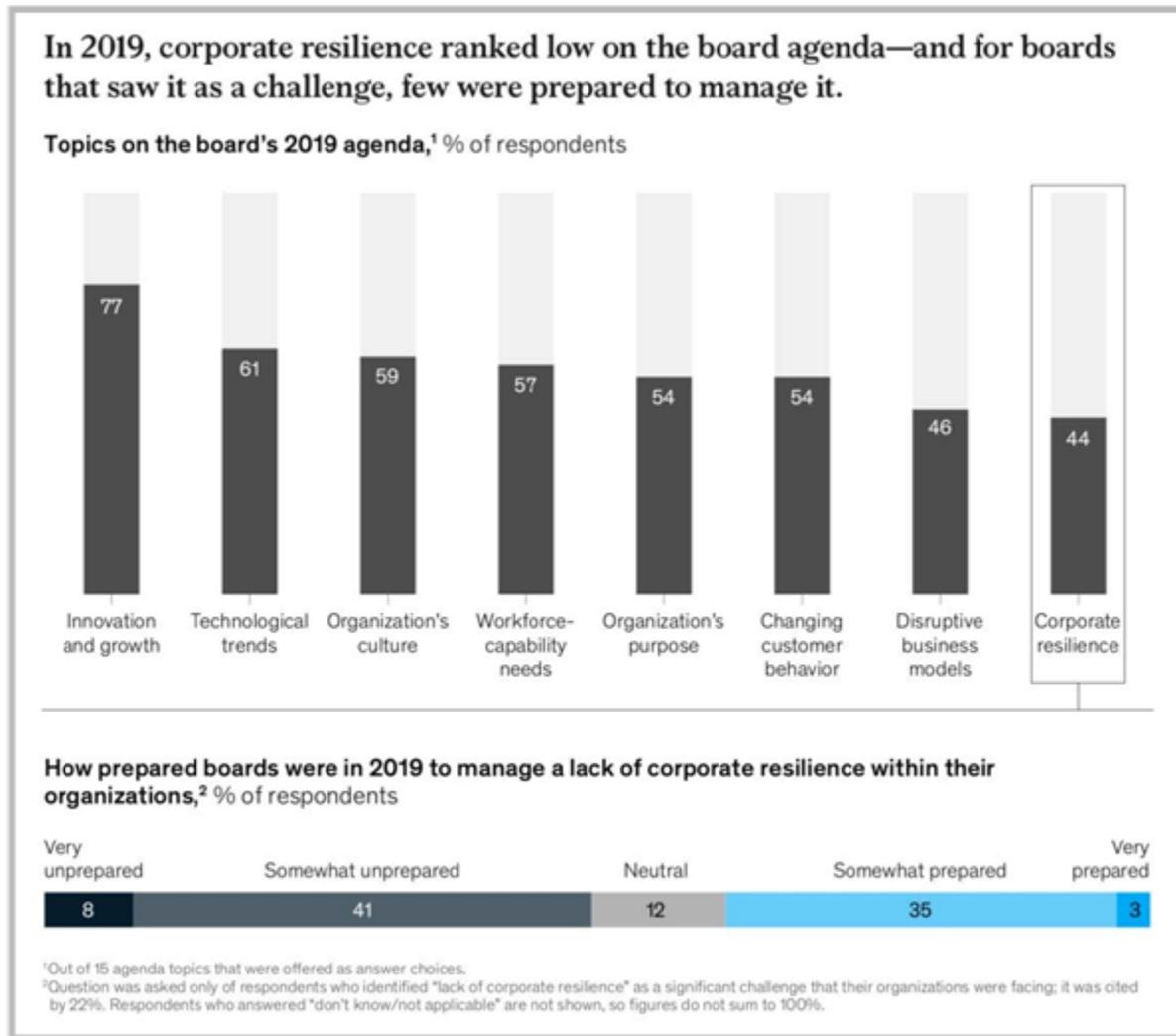
Way Forward: How Firms Have Risen To The Pandemic Challenge And What's The Future

The pandemic disrupted and challenged institutions, human lives, and employment and career opportunities worldwide. The online survey results from the McKinsey Global Survey conducted from September 15–25, 2020, garnered responses from 846 board respondents comprising directors and executives globally, covering varied industries and firm sizes, substantiate that while overall corporate performance suffered during the pandemic era, boards took timely action to arise to the challenge of steering the global public- health and financial crisis. Also, the pandemic has accelerated new, innovative and superior strategies of working that may outlive the pandemic.

Before the outbreak of the pandemic, less than 50% of all respondents in the McKinsey survey dated from August 1–16, 2019, garnered responses from 1,304 participants claiming that

corporate resilience (like the capability to survive a downturn) was on their current board agenda and a majority of them were unprepared to manage it. Exhibit 35 explains it further.

Exhibit 35: McKinsey Survey results depicting topics on priority list on company boards in 2019

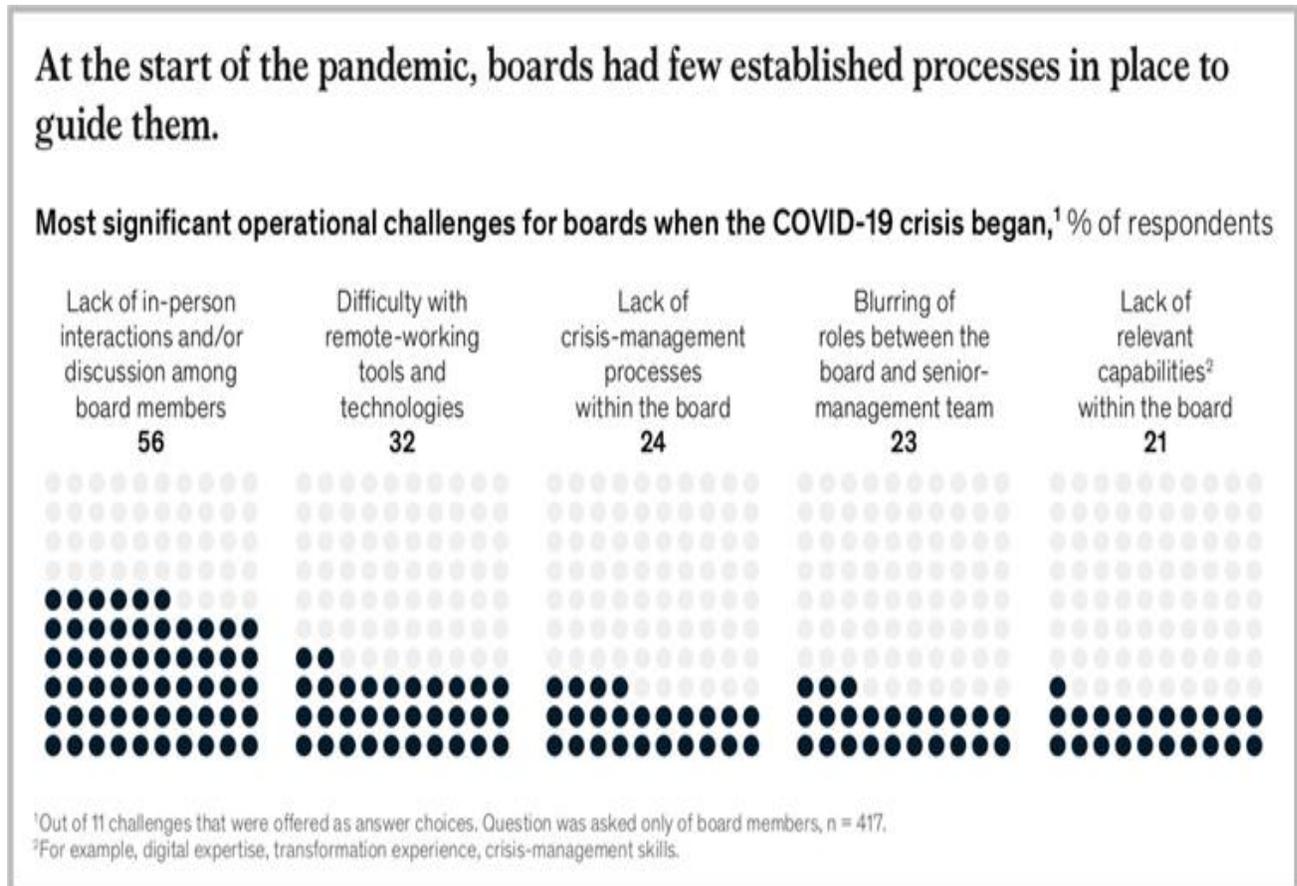


Courtesy: McKinsey Global Surveys, 2021: A year in review

In the early stages of the pandemic, the most crucial operational challenge confronting companies was that their boards had few established processes in place to guide them. Exhibit 36 explains some of the early challenges to molding the board's operations in a crisis environment -

trouble with remote-working methods, lack of in-person dealings, blurring of functions between the board and management team, lack of capabilities and the most important challenge was the lack of crisis-management processes.

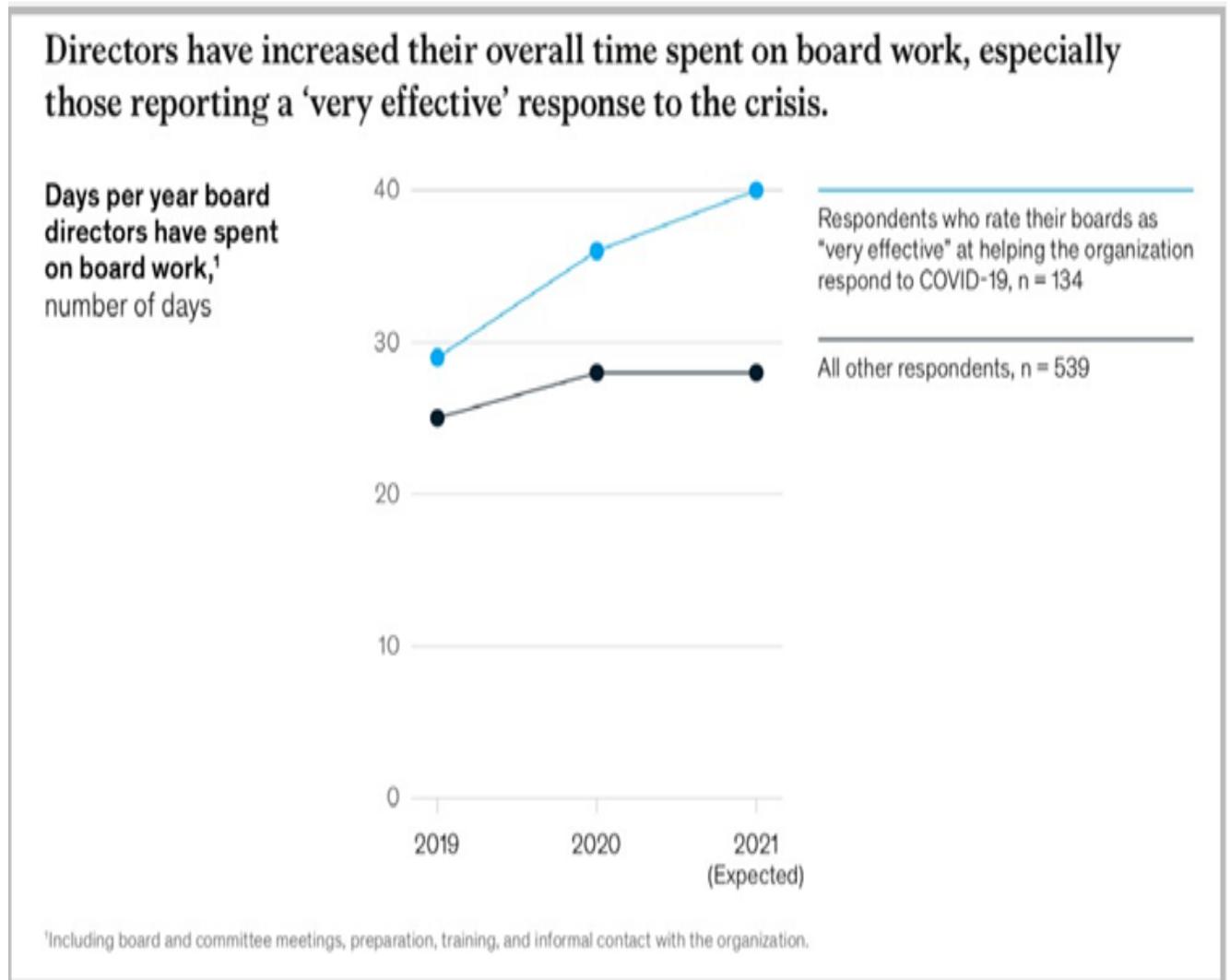
Exhibit 36: Significant challenges faced by firms due to the pandemic



Courtesy: McKinsey Global Surveys, 2021: A year in review

Further the survey reports that the company boards have been majorly been able to help their companies govern through crisis. The company directors enhanced their overall time commitment and between 2019 to 2020 and the survey respondents report an approximate 20% increase in the average number of days spent on board work, as demonstrated in Exhibit 37.

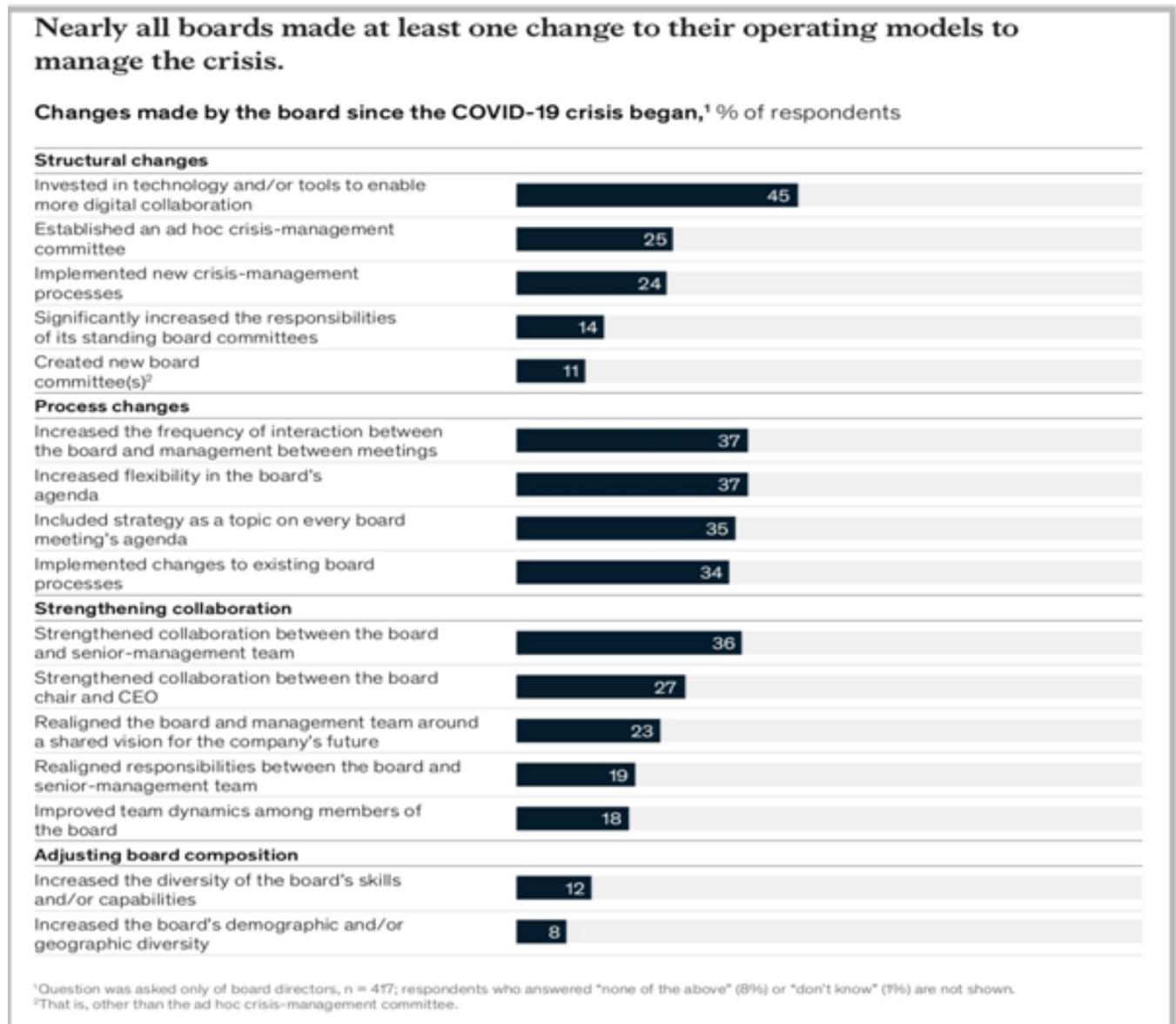
Exhibit 37: McKinsey Survey results of days per year board directors spent on board work



Courtesy: McKinsey Global Surveys, 2021: A year in review

The survey results also indicate that essentially all boards made at least one modification to their functional models to satisfactorily manage the pandemic catastrophe, the most widespread transition has been a structural form - investing in technology and gadgets to facilitate more digital collaboration, creating ad hoc crisis committees, enhancing their collaboration with senior management and focusing on resilience. Refer to Exhibit 38 which explains it in greater detail.

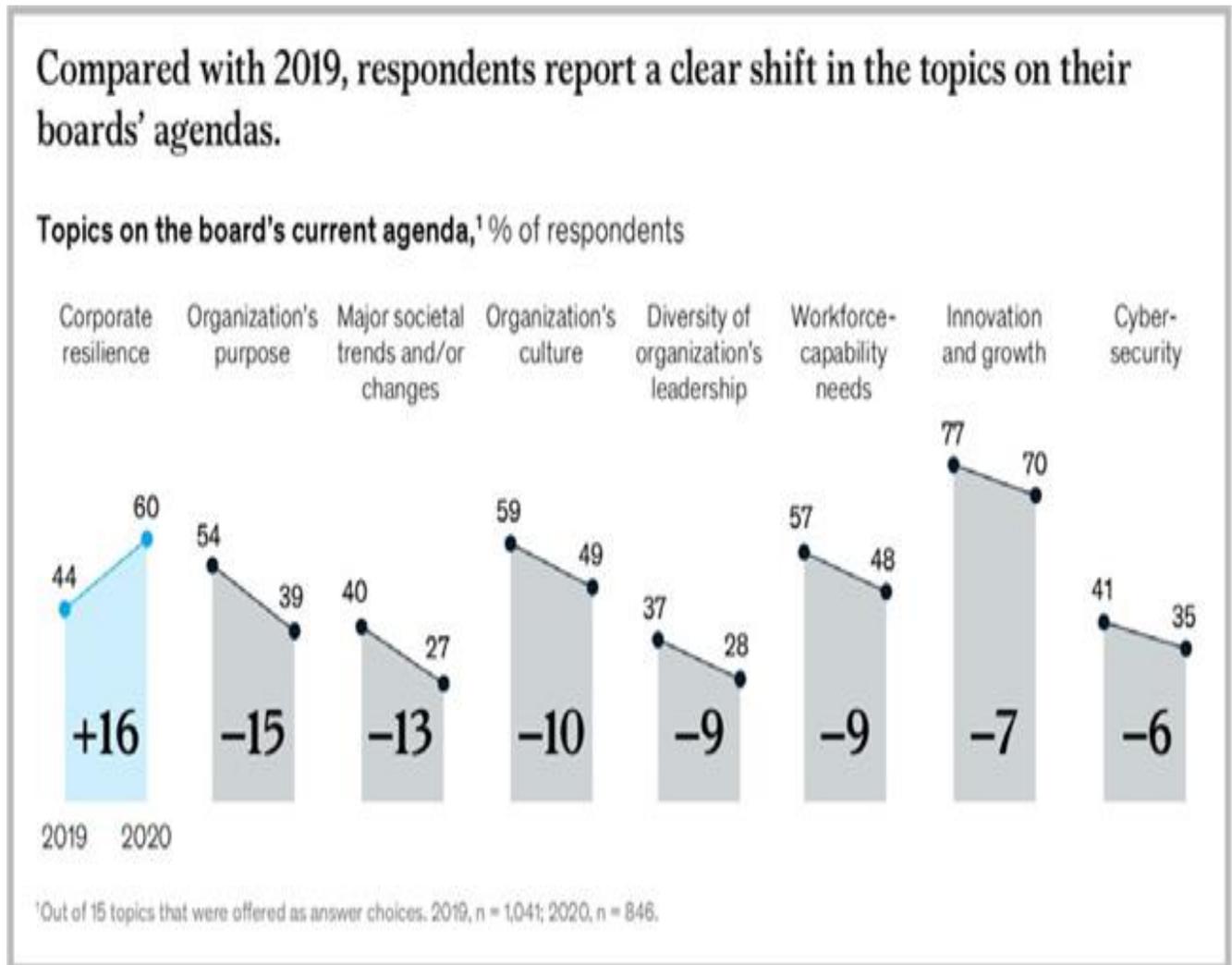
Exhibit 38: Changes made by company boards since the ongoing pandemic



Courtesy: McKinsey Global Surveys, 2021: A year in review

Exhibit 39 explains that in 2019, company boards were concentrating on product or service innovation, growth and technological trends, but post the pandemic corporate resilience has also grown in the ranks and become an almost equally significant issue.

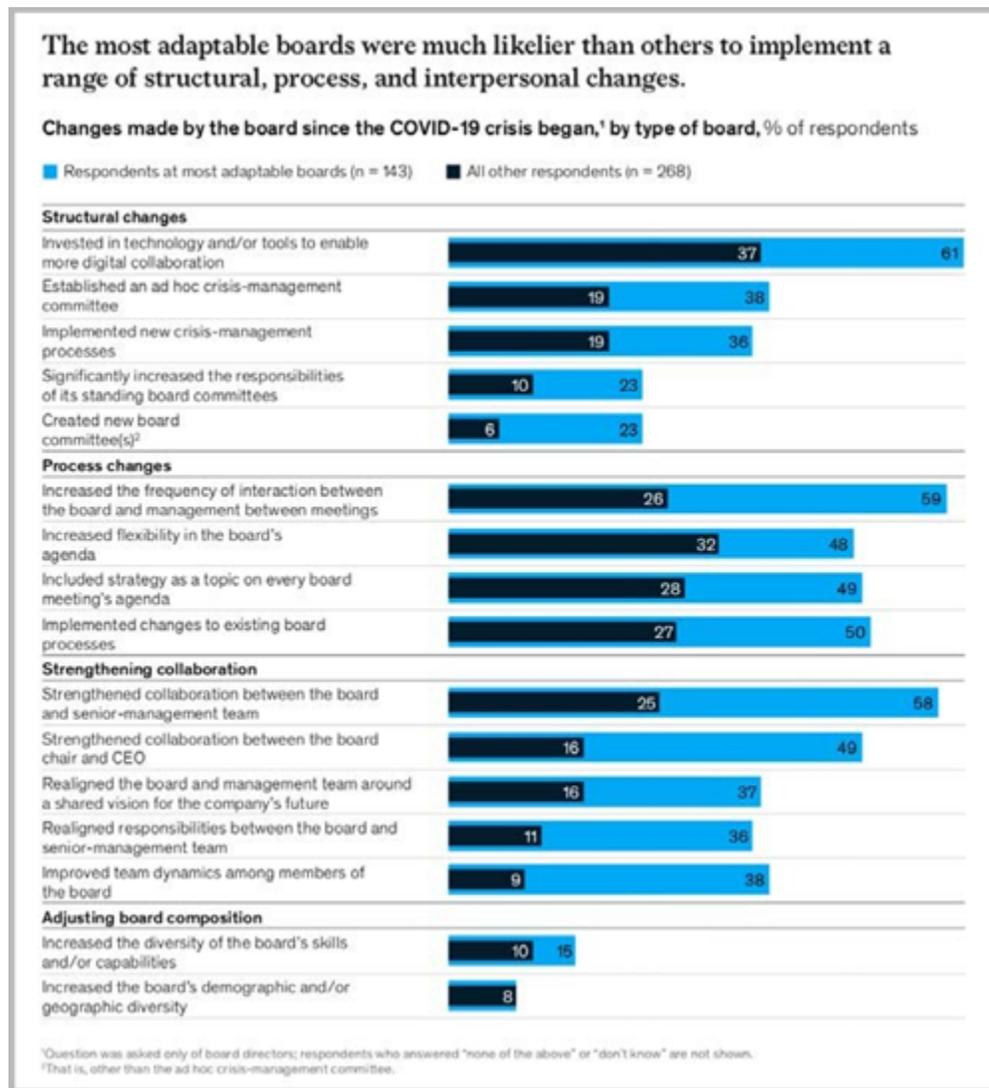
Exhibit 39: Comparison of topics on company board agendas from 2019-20



Courtesy: McKinsey Global Surveys, 2021: A year in review

Exhibit 40 provides a closer insight into the responses from the most flexible boards and the modifications they made across structural, process-related, and interpersonal angles. Such flexible company boards are doubly likely to report any operational changes since the crisis had begun, the alliance between the company board and senior management and the collaboration within the board increased significantly.

Exhibit 40: Comparison of most adaptable company boards and other boards and their likelihood to implement changes in the organization structure and functioning on the emergence of the pandemic

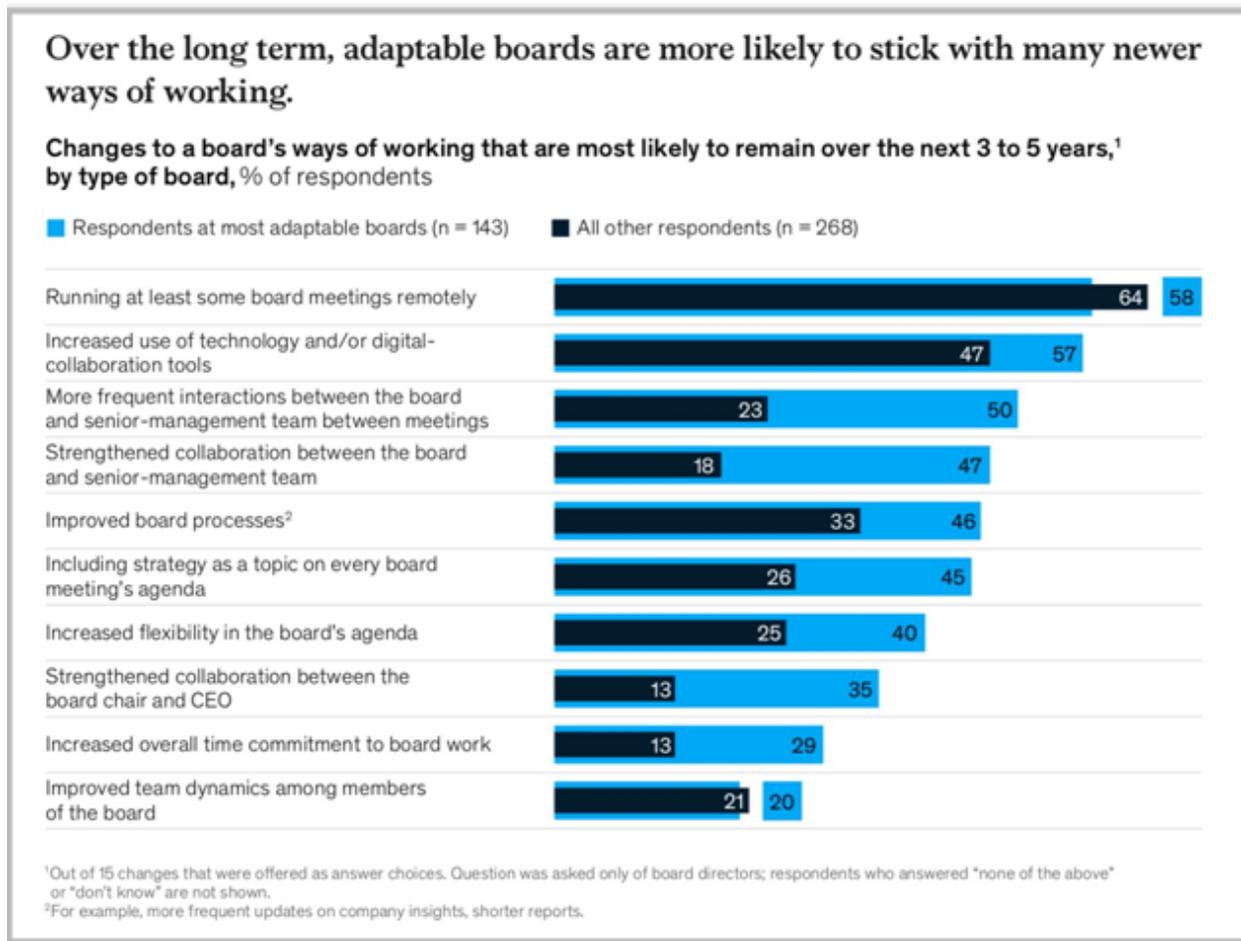


Courtesy: McKinsey Global Surveys, 2021: A year in review

Exhibit 41 explains that the more the adaptable company boards are more inclined to stick with the newer version of working methods in the future, some of them being - value-enhancing board involvement rather than just rubber-stamping decisions, working on reinforcing collaboration and boosting interchanges between boards and management teams, hybrid work methodology

and enhanced use of technology.

Exhibit 41: The future trend for more adaptable company boards



Courtesy: McKinsey Global Surveys, 2021: A year in review

While it's not apparent, which of the significant modifications that company boards made during this pandemic crisis will resume to gain acceleration, there's a common consensus that the ways boards' future functioning process will be relatively distinct from its past. Company boards can serve as catalysts for change by performing some of the following functions: carrying forward an adaptable and robust strategy to achieve goals for corporate, environmental, social, and governance purposes; stride over new risks to the business or adapt to strategic alternatives if necessary; devoting their extra time spent on board work to value-enhancing activities such as

training and development sessions; interacting more frequently with the executive management team through formal and informal one-on-one interchanges.

Also, company board members, senior management and certain types of employees can maintain a hybrid approach to their meetings and have remote access to work on opportunities. This opens up an extensively larger pool of talented employees with relevant experience and knowledge and diversifies employee backgrounds rather than restricting them to geographical boundaries.

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