Risk Practice

COVID-19 and the great reset: Briefing note #22, September 10, 2020

McKinsey research focuses on the postpandemic future of developing Asia.
No nation has escaped widespread disruption from the COVID-19 pandemic, but some have fared better than others. This week, McKinsey researchers examined the state of the recovery in some of the emerging Association of Southeast Asian Nations (ASEAN) countries—Indonesia, Malaysia, Philippines, Thailand, and Vietnam—that began the crisis at a disadvantage and have suffered disproportionate effects. Our new report explores a series of trends that the pandemic has caused or accelerated. Within each is a seed of recovery, but stakeholders must be prepared to reimagine their country’s economy in five areas: manufacturing hubs, green infrastructure, investments in digital, talent reskilling, and high-value food industries.

We also looked in detail at developments in two ASEAN countries. In Indonesia, the pandemic is still raging; case counts and fatalities are rising sharply. The first priority is to mitigate and contain the outbreak. But even amid the current hardship and profound uncertainty, Indonesia can reimagine and reform itself by increasing national resilience, accelerating economic transition, rebuilding the tourist sector, and enabling genuine change.

Vietnam, too, is contending with short-term challenges as it emerges from the pandemic, especially in tourism and manufacturing, two of the country’s strengths. For the long haul, our new report argues that one essential element of growth is renewable energy. As a country likely to be heavily affected by climate change, Vietnam could accelerate its journey toward a less carbon-intensive future. A new national energy plan is a good sign; now, the challenge is to execute it. (For Vietnam and many other countries, education is another important cog in the engine of growth. This week, we published a comprehensive report on a more equitable and resilient education system.)

Elsewhere in the region, our latest CEO interview, with Peter Harmer of Insurance Australia Group, reveals new insights into “the CEO moment” afforded by the crisis. Asked about crisis resilience, Harmer says, “You have to tether resilience to real beliefs. We have a deep commitment to our purpose, which is to make your world a safer place. Our purpose is the framework through which all our decisions are made.”

Also this week, a new McKinsey survey tapped the wisdom of hundreds of executives across a swath of industries on the need for speed (exhibit). Most expect significant change across ten of 12 dimensions; surprisingly, only a few expect change in their corporate purpose. (Perhaps they have already embraced Peter Harmer’s view.) And our industry researchers looked at the promise of digital services at B2B service companies and contemplated the troubled present—and potential future—for downstream oil and gas in North America.

Summer may be over in the Northern Hemisphere, but great reading knows no season. It’s not too late to catch our annual summer reading list and our special collection, “The next normal: The recovery will be digital,” featuring a 172-page curated volume.
that you can download—the first of five edited collections that accompany “Our New Future,” a multimedia series we created with CNBC.

You can also see the full collection of our coronavirus-related content, visual insights from our “chart of the day,” a curated collection of our first 100 coronavirus articles, our suite of tools to help leaders respond to the pandemic, and how our editors choose images that help readers visualize the impact of an invisible threat.