**2021 and the business world**

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The transition to New Year of 2021 was marked, universally, with a strong sense of hope that the world will return back to normal or at least start to. With new strains of virus spreading all around the world and another wave of lockdowns and restrictions, at least the first few months of 2021 looks difficult. Vaccine roll-out may ease things however, that is also expected to face logistic issue as many countries are already managing [a shortage of](https://www.nbcnews.com/science/science-news/supply-shortages-registration-issues-nyc-struggles-vaccine-distribution-n1254446) vaccines that may get worse. But the show must go on and it has been. Businesses have adapted and global economic activity, albeit low, hasn’t stopped. In this year, following are some of the trends that will continue to shape the world of business all around the world.

In what can be termed as Post Pandemic world (drawing an analogy to pre and post War) governments and business have suffered greatly. Only in the U.S. more than 340 companies [went bankrupt](https://www.bloomberg.com/graphics/2020-us-bankruptcies-coronavirus/) while others globally confront financial constraints and myriad other issues rising from it. Countries around the world find themselves atop a huge [pile of debt](https://www.weforum.org/agenda/2020/11/covid-19-has-countries-borrowing-money-just-about-as-quickly-as-they-can-print-it/) as they try to keep businesses and households alive. Under these circumstances, one of the trends to keep an eye on and which will define the trajectory of businesses is consumer confidence, its restoration mainly. It feeds into many aspects such as resumption in mobility (that has been drastically effected) and consumption of services and goods. As of now, only a third have resumed out door activities in the U.S. as compared to 81 percent in China and 49 percent in France. China is an outlier but cases are rising there as well.

In a recently launched report,[McKinsey](https://www.mckinsey.com/featured-insights/leadership/the-next-normal-arrives-trends-that-will-define-2021-and-beyond?cid=other-eml-alt-mip-mck&hdpid=c355cb4c-444d-40de-8fd2-cfc9738f9c10&hctky=11477724&hlkid=ac62cefd046a4eb5bd4ff795194db0ec) outlines few other interesting trends. In a normal world, people travel. For business and for pleasure both. However, as virtual presence and participation becomes a norm (with the help of Zoom, Teams and others) people might opt to travel less, especially for business, going forward. For instance, business travel contributed about $1.4 trillion to GDP in 2018. That may never reach the same level and we may experience permanent changes in this pattern. Jet fuel demand is already frustratingly low and International Energy Agency (IEA) [has said that](https://oilprice.com/Energy/Crude-Oil/Will-Oil-Demand-Recover-In-2021.html) demand recovery will be slower in 2021 attributing 80 percent of reduction in fuel demand (compared to 2019 levels) to lower consumption of jet fuel.

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Another business trend that may have been missed is the show of resilience or rather Antigfragility by various institutions and individuals. Telehealth is performing great. For instance, the Mckinsey’s report mentions that as compared to 2000 tele-health appointments in whole of 2019, July 2020 had 5000 every week! Vaccines use to take a decade but now we churned out few successful ones in less than year. Also, [more than 170](https://www.theguardian.com/world/ng-interactive/2020/nov/10/covid-vaccine-tracker-when-will-a-coronavirus-vaccine-be-ready) vaccines are in trial. Bio Revolution (a term used by Mckinsey Global Institute) is proposing innovative solutions to global issues such as pandemics, climate change etcetera. BioRevolution is a concept that almost 45 percent of world’s diseases can be used to tackle using today’s capabilities. It involves bio- molecule, systems, machines, and computing. “Gene editing”, “Cellular therapies” and vaccines for noncommunicable diseases are all part of this.

In [the U.S. alone](https://www.mckinsey.com/featured-insights/leadership/the-next-normal-arrives-trends-that-will-define-2021-and-beyond?cid=other-eml-alt-mip-mck&hdpid=c355cb4c-444d-40de-8fd2-cfc9738f9c10&hctky=11477724&hlkid=ac62cefd046a4eb5bd4ff795194db0ec) in Q3 of 2020 more than 1.5 million new business registered double that of 2019. Venture capital activity slid only minimally during the first half of 2020. France had 84,000 new businesses in October 2020, 20 percent increase as compared to last year (2019); 30 percent increase in UK as compared to 2019, highest since 2012.

A great increase in technology and its use would also be observed. Senior executives have said that certain business operations were 20 – 25 percent faster while adapting to new technologies in the wake of COVID19. Productivity in the U.S. increased by 10.6 percent in Q2 highest since 1965. Companies have seen the tail risk, making them better able to handle such future outbreaks. Consumer behavior will also [be significantly changed](https://www.innovationvisual.com/insights/how-covid-19-has-changed-the-digital-marketing-andadvertising-landscape). In the U.S. e-commerce increased in the first half of 2020 equal to its increase in the past decade.

However, these positive changes are less pronounced in the developing or under-developed world. With the Financial response to COVID19 being 3 times that of the Financial Crises, one can imagine the extent and magnitude of problems, particularly financial, in poor/developing countries. Even in the developed world debt levels have reached record highs – Canada is expecting a deficit of $353 bn, China’s $500 bn stimulus has made its fiscal deficit ration to reach 3.6 percent of GDP!

One of the most important factor in the world of business and otherwise would be to keep an eye for inflation and/or other tail risks such as systemic risks from accumulation of debt.

Has the Post Pandemic world begun? May be or may be not. However, we are moving towards it, gradually and slowly. With a few setbacks and hiccups, we will reach there.