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INSTITUTIONAL INSIGHTS

Why Employee Wellness Matters for Investors

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During the pandemic's darkest days, many companies rediscovered the importance of ensuring employee well-being. Now, investors need to develop research tools to evaluate wellness as a business differentiator that can provide important insight on a company's outlook.

Keeping workers happy is challenging in the best of times. Yet when businesses around the world shifted into remote-work mode, it became even harder. Without daily face-to-face interaction, managers struggled to monitor distress signals. Suddenly, a personal situation at home might affect a worker's ability to operate remotely. As lockdowns blurred work-life boundaries, staff needed encouragement to switch off after hours and stay fit. Physical and mental health issues required special sensitivity. And for jobs that could not be done remotely, workers faced enormous personal stress and the prospect of losing their livelihood, while companies coped with an entirely different set of hardships just to keep businesses running.

Companies are increasingly aware that investing in wellness is a cost-effective way to maintain a motivated and efficient workforce. But since the benefits are hard to quantify, investors are only beginning to incorporate employee wellness evaluations into stock-selection processes. We believe that measures of well-being will become more commonplace for investors, as an indicator of a company's ability to retain and attract top talent—and to deliver better results over peers.

So how can investors gauge the state of mind of a company's workforce? We think two complementary approaches can shine light on wellness. Big data techniques can help investors dig deeper into employee sentiment, helping to confirm and support

qualitative assessments. And engagement with management can provide opportunities to get answers to tough questions about whether a company is providing employees in all types of jobs with the right conditions to deliver success.

Mining Employee Reviews with Big Data

Online employee reviews are a window into staff sentiment. Websites like Glassdoor, Indeed, and Comparably can provide an anonymous outlet for employee feedback on what goes on behind closed doors at work. However, employee reviews are generating mountains of data that are not easily deciphered. By using big data techniques such as natural language processing and sentiment analysis, investors can mine employee reviews to find out what attributes are most valuable in fostering loyalty and job satisfaction. Happy employees are more committed—and more likely to recommend their company to others.

Committed employees are a valuable source of human capital, which helps company performance, especially given the importance of intangible assets like intellectual capital. And spending on wellness and benefits is also a signal that a company is confident about its future cash flows, much like dividend payments.

We used natural language processing of millions of employee reviews to assess employee feedback in different sectors from several angles: company recommendations, compensation and benefits, work-life balance, diversity, and safety (*Display*). Our research suggests that in sectors where employees are generally satisfied with their compensation, they are more likely to recommend their company to peers.

Work-life balance, however, is even more important than pay for many employees. Our analysis shows that sectors with the strongest recommendations were also those in which the employees felt best about work-life balance. Taken together,

we believe that these two trends suggest improving work-life balance may be an even more cost-effective route for companies to strategically cultivate loyalty than paying higher wages.

What Fosters Positive Sentiment Toward an Employer?

Sector	Recommendations (Average)	Comp/Benefits	Work/Life Balance	Diversity	Safety
Information Technology	76%	5	1	1	2
Communication Services	73%	6	2	5	1
Utilities	72%	2	3	11	11
Materials	70%	3	4	6	9
Real Estate	70%	4	5	9	8
Consumer Staples	70%	7	6	3	4
Healthcare	69%	8	7	4	3
Financials	68%	10	8	2	7
Consumer Discretionary	68%	11	9	10	6
Industrials	66%	9	10	7	5
Energy	66%	1	11	8	10

● Higher Scores ● Middle Scores ● Lower Scores Numbers Represent Sector Rank

Past performance and current analysis do not guarantee future results.

Based on employee reviews posted on Glassdoor for S&P 500 companies from May 2020 through April 2021. After scraping the reviews, we examined the raw text using natural language processing to derive themes such as work-life balance, diversity and safety. Our analysis also aggregated the scores of various reported metrics such as percent of employees that recommend the firm or their ratings of compensation (1–5). Scores are all averaged over the 12-month period of the reviews analyzed.

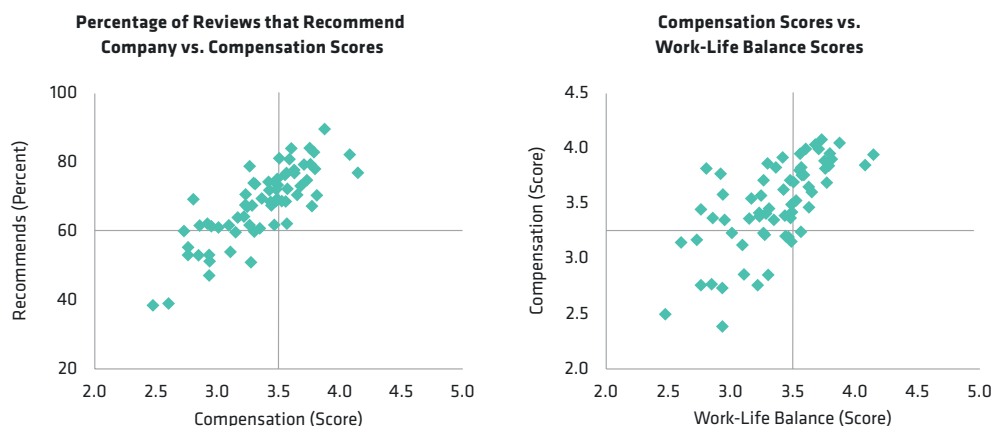
Source: Glassdoor and AllianceBernstein (AB)

Other measures of wellness, such as physical safety and diversity, were less conclusive. Still, in information technology—the top-rated sector—employees had strong positive feelings about work-life balance, diversity and safety. In contrast, in the energy sector, where recommendations were lower, sentiment was weak in all three areas—despite the highest rating on compensation. In our view, these findings indicate that getting work-life balance right is a foundation for wellness, which can be boosted by promoting employee satisfaction in areas such as diversity and safety. But when wellness is not fostered, even higher pay will not command employee devotion.

Drilling down to individual companies can provide important insight on where a company stands on wellness versus peers. Using a proprietary database of hourly wages for 500 US companies across industries, we asked whether there is a correlation between firms that are paying living wages and those that receive high ratings from employees. In the consumer discretionary industry, for example, where satisfaction with compensation is relatively weak (as shown above), companies that paid higher wages tended to enjoy more employee recommendations (*Display, left*). Similarly, by plotting satisfaction with work-life balance and compensation, we can compare how companies are perceived versus rivals on key measures (*Display, right*).

How Do Companies Compare to Peers on Wellness Measures?

S&P 500 Consumer Discretionary Companies



Past performance and current analysis do not guarantee future results.

Based on employee reviews posted on Glassdoor for S&P 500 companies in the consumer discretionary sector from May 2020 through April 2021. After scraping the reviews, we examined the raw text using natural language processing to derive themes such as work-life balance, diversity and safety. Our analysis also aggregated the scores of various reported metrics such as percent of employees that recommend the firm or their ratings of compensation (1–5). Scores are all averaged over the 12-month period of the reviews analyzed.

Source: Glassdoor and AllianceBernstein (AB)

Investors can factor in this data as an input when developing an outlook on a company's business, and whether employee dissatisfaction and turnover could be a threat. Employees may want to move to similar firms in the upper right of the plot, which offer better pay and better benefits. To combat this, firms should strive to improve their wellness in cost-effective ways.

Big data analysis can help frame developing wellness trends in sectors, industries and individual companies. Of course, to interpret the results of this type of analysis, investors must factor in different industry conditions. For both employees and companies, the trade-offs between compensation and work-life balance are likely to be much different in high-paying technology or finance jobs versus low-paying jobs in industries such as retail or manufacturing. And evaluating individual companies requires fundamental research and informed engagement. By including wellness questions in a stock-selection process and engagement efforts, investors can gain insights into how companies are developing innovative approaches to creating a comfortable environment for workers to thrive.

How Are Companies Evaluating Wellness?

As our big data analysis indicated, many companies are discovering that compensation is not the most important value for employees. For example, a major US pharmaceutical company held in one of our portfolios conducted a compensation analysis of its workforce and discovered that employee development and career path visibility and support outweighed increased compensation and benefits. For many of the company's staff, work-life balance, development opportunities and childcare were ranked as important as pay-related issues.

Studies like this illuminate potential growth paths for employees. And they allow a company to conduct a more thoughtful assessment of the value added by each compensation dollar in comparison to money spent on efforts to increase retention and attraction. In turn, this can help companies reduce costly hires of external talent.

Proactive wellness monitoring is taking root across sectors. At a major fintech firm, management conducts an annual compensation, benefit and wellness stress test. The goal is to determine whether employees are paid a thriving wage, working in optimal environments and receiving the support needed to promote a positive culture that maximizes staff retention. And at another giant consumer company, employee sentiment is measured every day. Taking the wellness pulse aims to identify trouble spots that deserve management's attention. To be sure, companies must strike the right balance between monitoring wellness and making employees feel overly monitored, which would risk a backlash in employee sentiment.

Wellness assessment is becoming ingrained in the day-to-day operations of many companies. At one major US healthcare provider, an assessment tool is used to identify employees for leadership roles and development and to monitor work-life balance. The talent index draws on demographic, background and peer information to develop succession and mobility paths for key roles. And an employee engagement index helps measure staff sentiment in real time. The company reports that in its inaugural year, the information generated by these indices helped reduce turnover, increase productivity and cut human capital costs. While every company will have different methods of measuring wellness, tailored to the business and

corporate culture, we believe investors should verify that portfolio companies are taking clear action to monitor staff sentiment.

Where does the responsibility for wellness begin and end? That's a tricky question for large corporations with multinational supply chains. Is a supermarket responsible for the forced labor conditions that may be used in producing the cocoa for its chocolate bars?

One large US retail chain has risen to the challenge by educating its buyers, suppliers and transportation providers on best practices and audit procedures. The company is engaging with regulators, governments and local officials on effective legislation and enforcement. There is a clear business imperative for companies to keep tabs on its supply chain ecosystem, as it reduces the risks of business disruption from vigilant regulators or a disgruntled workforce.

Mental Health: The Unspoken Scourge

Within a company's workforce, mental health is finally being talked about. Mental health issues are perhaps the most sensitive of all wellness issues, as they carry a stigma that deters employees from speaking up. According to the [World Health Organization](#), only half of American workers are comfortable talking about mental health in the workplace, and more than a third are worried about job consequences if they seek mental health care.

That is a big challenge for companies. As the WHO reports, depression and anxiety costs \$1 trillion a year globally in lost productivity. So companies have a clear incentive to address mental health issues. Yet how do you create an inclusive culture where people are comfortable seeking help—and taking time to recover—rather than resign?

For many employees around the world, growing pressure to stay connected to the workplace is adding acute pressure. In the work-from-home era, expectations of responding to emails around the clock have further blurred the boundaries between work and home.

In Australia, these trends have led labor unions to campaign for the "right to disconnect" from calls, texts and emails outside work hours. "If work invades all hours of your life and you cannot disconnect, it is a recipe for serious problems for both the worker and the employer," said Australian Council of Trade Unions secretary Sally McManus, in a report on ABC News in Australia. Being constantly connected presents a "high risk" of mental health problems, she said.

The growing frequency of mental health problems had been creating challenges for the insurance industry well before the pandemic. In 2017, Craig Drummond, the former CEO of Australian insurer Medibank, [said private health insurers in the country fund 50% of all mental health admissions](#), and 90% of day admissions for mental health. Claims costs are growing with little upward movement in health insurance premiums, creating a serious challenge for insurers, he said.

CCLA, one of the largest UK charity fund managers, has put mental health at the center of efforts to assess how listed companies address employee wellbeing. "In the corporate world, stigma still exists," [says CCLA](#), "and whilst there are pockets of great practice within organizations, there is an absence of a serious structural attempt to treat corporate responsibility for mental health as seriously as physical health and safety."

In an effort to promote awareness and action on mental health, the firm is developing the CCLA Mental Health Benchmark, which aims to show how listed companies are addressing employee well-being. Initiatives like this will make it easier for investors to evaluate wellness in holdings, while pressuring companies to demonstrate that they are creating an environment that is conducive to addressing mental health issues.

Striking the Right Balance

Balancing mental health, work-life balance and productivity will be key questions as the corporate world gradually returns to normal after the pandemic. Flexible working arrangements are likely to continue at many companies, but the debate is still raging. In the financial sector, some companies are pressing to get workers back in the office quickly, while others have said that they will provide staff much more flexible working arrangements post-pandemic.

Getting the wellness formula right will take time—and solutions will differ by the unique circumstances of industries and individual companies. But it's not too soon for investors to start including wellness as an integral component in research, stock selection and engagement. Big data and quantitative tools must be creatively applied to gauge the efficacy of corporate wellness programs. Fundamental research should proactively incorporate an awareness of how investing in wellness can generate tangible competitive advantages. Armed with quantitative and qualitative insights, investors will be better equipped to ask management informed and candid questions about whether they are treating employees right to sharpen their business edge.

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Ensuring Wellness in a Post-Pandemic Workforce

With the battle against COVID-19 progressing successfully in many regions of the world, employers' next step is to begin bringing workers back to offices while recognizing that it must be done the right way. Plans for full-office or hybrid working models are in discussion throughout all organizations, prioritizing collaboration. But much has changed in how workers see the world, so the transition back needs careful handling. This means maintaining the same priority on employee well-being that was so critical during the pandemic. Meanwhile, management must be willing to continue listening to employees to assess their post-pandemic sentiment and overall readiness to return.

Lessons Learned from the All-Remote Workforce Experience

For companies fortunate enough to be able to provide it, a 100% remote working model was the safest option during an unprecedented health crisis, and likely saved many lives. But 15 months later, organizations need to consider the lessons learned from all-remote work as return-to-office plans ramp up, subject to local public health guidance.

For some employees, working from home helped strengthen independence and job focus, making them more confident. Engagement soared as employees felt indebted to their employers for continued work and focused caretaking. Upon the return to office, firms must think about how to preserve that mindset and commitment while also integrating back into a more physically connected work environment across the broader organization.

During the last year, managers were tested in new ways and forced to broaden their skill sets. For instance, at AllianceBernstein (AB), we saw many managers giving much more attention to team members' day-to-day emotional needs, beyond work activities. It would be great to see that leadership habit continue in some form post-pandemic. But employers must also recognize that this outlay of support left managers stretched and depleted after fulfilling this critical and new responsibility.

An all-remote workforce had clear downsides too, with mental health concerns top-of-list. Many workers juggled remote work with other stress triggers, like kids' virtual classroom schedules, an aging parent's care or their own health issues. That stress could be compounded by a lack of connection, inclusion and consistent workplace information. Firms had to stay on top of this by expanding confidential support services, educational tools and other resources to help employees and their families cope.

At AB, for example, we created a Coronavirus Information Portal that housed the key information and guidance employees needed to stay operational and find support. We also sponsored *Ask the Expert* and *Ask the Doctor* podcasts, increased management communication on virus developments and led frequent town hall meetings around the globe to keep everyone connected, informed and included.

Workplace culture was tested during the pandemic. Culture isn't a line item on a balance sheet, but it's the most important asset in a company's long-term success. Strong cultures allow organizations to stay connected even when they're not together. Throughout the pandemic, it became quite clear that stronger corporate cultures were better positioned to rally their teams in response to the unprecedented needs of clients, coworkers and communities. At AB, we found that our culture was strengthened during the pandemic as we developed a newfound focus on its importance and appreciation for its value.

We also leaned on our culture, which emphasizes collaboration and inclusiveness. It was our life force to help us step up and forge through—keeping employees engaged, informed, supported and equipped to do their best work across great distances while never wavering in our belief that we were one team. As with all organizations, we needed to adapt the ways in which we reinforced the culture in an all-remote world—and we simply had to work harder to maintain what made our firm so special.

As organizations head back to the office from all-remote to something along the hybrid continuum, a robust, enticing culture will be even more critical and will serve as a top motivator to drive enthusiasm in the return to office.

Many new hires that joined organizations in the last year have never set foot in an office nor met face-to-face with any of their colleagues. As we formally welcome them into the fold in physical spaces, in one sense we need to onboard them again. Many may have felt disconnected from the rhythm of the virtual workplace and somewhat isolated, despite all of our best efforts to welcome them to their new professional community via Zoom.

Employee Priorities and Expectations Have Evolved During the Crisis

To put it bluntly, the workforce heading back to the office is not the same one that left in March of 2020. Employees are re-evaluating all elements of their lives, from work-life balance to the importance of their health. And they're viewing long commutes, personal space and the work itself in a new light. We know that when they reach the office, their new priorities will come with them.

As organizational leaders, how will we respond?

In our view, when people change, their priorities change too. Will professional achievement and pay be alone at the top of their lists as indicators of success and drivers of happiness? Employers again will need to listen and adjust policies and practices, refining firm culture based on the new profile of this forever-altered workforce. Employees will return to the office with an array of new requirements, after a global near-death experience. Their list is long, with safety, flexibility, meaningful work, a feeling of alignment with organizational purpose and their health highest on the list. Employees want to lead lives rich with wellness, and they are now able to express this need with a new level of clarity and conviction.

We won't know for some time how the stress of the last 15 months has truly impacted our employees. A new and welcomed openness to discussing mental health challenges in the workplace will forever reduce a stigma widely prevalent throughout generations of workers. These challenges, which peaked during the crisis, won't disappear overnight, and employers should recognize this fact. At AB, our confidential support services and tools—many of them introduced as pandemic support—will be offered indefinitely. Our team still needs them.

Flexibility is also top-of-mind for many workers—prospective employees too. Recruiting for top talent has always been fierce and competitive. And with so many choices open to them, high-value employees and niche roles have been steadily reshaping the policies of the workplace as they become more and more vocal about their personal and changing requirements. The pandemic only accelerated these shifts in thinking about flexibility and equally accelerated the expectations for employers to deliver on their asks.

Competing for Talent in the “New Normal”

We'll need to evaluate new expectations carefully to compete for workers in the ever-evolving “new normal.” For example, recruits now are more likely to prioritize personal time over professional recognition. Also high on their list are giving back to communities, pursuing social or charitable causes, and having platforms to express individuality or share stories with peers of similar interests and backgrounds.

Employees have been operating successfully with independence and want to see that continue. They want to be trusted that their work and assignments will get done. After surviving a global pandemic, they no longer wish to make trade-offs in their lives, weighing work obligations against missing personal moments and milestones. This workforce is forever changed, and we need to change with them or accept the risks.

Employees will be more open to return-to-office plans when they know their employer has their backs and truly hears them when they voice concerns or challenge decisions. Workers have new ideas and suggestions, and we should listen. Management shouldn't simply say “we're above those trends” or cling to old ways, as employees and candidates won't be impressed by that mindset.

We realized across AB that simple things like dress codes can be eased up by allowing colleagues to “dress for their days,” and flextime arrangements could be considered to help employees feel more aligned with their lives outside of work. We know that we should continue to think about changing in a more focused way. This isn't perfectly easy and comes with some discomfort and disagreement, but our employees expect us to put the work in.

Making Wellness Work—Applying Lessons, Staying Nimble

Returning to the office will take just as much adjustment as it took getting settled into a home office in March 2020. But if done right, employees will see the benefits of being back together in the office. In our view, this return will help revive the all-important foundation of the workplace—face-to-face interpersonal collaboration. There are many aspects of professional life that simply can't be replicated when everyone is working remotely. Work is a team sport: camaraderie and cohesion are fed by personal interactions.

All organizations have suffered from the COVID-19 remote-work hangover and lack of work-life boundaries, and we believe return-to-office can help restore that healthy buffer between these two distinct parts of our lives. As work-from-home requirements dragged on, many firms saw issues magnify time and time again: miscommunication, employee complaints about colleagues, difficulty prioritizing new projects across teams and even errors. Disruption of the traditional work-life structure created side effects such as slowed responsiveness, shortness with peers in email interactions and well-documented Zoom fatigue.

Reestablishing traditional beginnings and ends to the workday will be another important benefit to return-to-office. In our view, as employees start to intensify their work focus when they're at the office, they'll be better able to keep it at arm's length when they're not. There's no playbook for perfect return-to-office execution, but leading with employee well-being will always be at the forefront. We confidently believe that the health of our employees is enhanced with shorter workdays, more definition between work and home, the face-to-face support of one's manager and the informal camaraderie of coworkers.

The biggest challenge for organizational leaders is to balance bringing a collaborative workforce back together while responding to what employees might think they want right now. It is much easier to inventory the pleasures of remote work as the time lengthens and memories of the office fade. At AB, we are betting that the office will be revalued as employees return and are reminded of the many pluses of a shared work environment.

With this in mind, we're using our *Work that Works* initiative to overlay the pandemic's lessons with the new employee priorities and create a new energy and excitement about being together in the office. The goal is a better workplace experience in areas like safety, work-life balance, office innovation, culture, personal development and technology enhancements. In a few words... an enhanced workplace wellness.

From Strategy to Results: Wellness Drives Everything

Post-pandemic wellness has become more critical as a key component in a high-functioning organization and a key culture pillar. Strong cultures prioritize wellness. The importance of leading a healthy life has never been stronger nor more correlated to one's feelings about their employer.

The post-pandemic workplace culture must remain nimble, accepting of unexpected change and sudden redirection as this "new" workforce heads to the office. However, we can be assured that the priority of a person's wellness will never revert lower on the list of must-haves for today's workforce. Listening to employees, through formal and informal channels blended with *Work that Works*, will foster a robust feedback mechanism, channeling timely information to leadership to better identify workplace and employee issues and concerns in real time. The voice and perspective of managers will play an equally important role.


The focus on safety should go beyond masks and vaccine policies to broadly embrace psychological safety and mental health. AB, for example, has divided employees into teams to address the initial

hesitation of returning to the office and to give employees ample time to relearn the skills of commuting. Office days will start at two per week at first to give everyone time to readjust, increasing over several months. We feel confident that being back will deliver an incredible lift for all, through warm in-person interactions, even if they're gradual at first.

New—or newly prioritized—work-life balance ideas being considered throughout the industry include flex hours, location choices and workload variety. Office innovation includes technology improvements, like better video conferencing capabilities—even in the post-pandemic workplace. Zoom isn't going away, and it was integral to the success of the last year. But, with the return to office, we could provide more guidance as to when it is most appropriate or needed and use it a bit less!

At AB, our guiding light during the pandemic was employee well-being. For 15 months, we talked about our employees every day. We checked in and worried about them every day too. Our community tightened and our culture grew richer as a result. This priority guided all our decision making. Beyond AB, the business community moved mountains during the pandemic to protect and care for its workforce. Now it's time to keep that focus on caretaking in place as we return to the office, ensuring we show employees that we heard every one of them, learned from this experience, remain committed to their well-being, and can't wait to see them again.

Cathy Spencer is Senior Vice President, Head of Human Capital at AllianceBernstein (AB).



The Pandemic Effect on Organizational Wellness: Expert Roundtable

The challenges of the COVID-19 pandemic have reinforced the importance of organizational wellness and made it more challenging to maintain. But the stakes are high, with wellness a major driver of organizational performance, talent retention and recruitment.

We asked experts in the medical and investment management industries to provide a deeper perspective on organizational wellness, how to maintain and assess it, and the moving parts as leadership teams lay out a pathway for returns to offices.

Every organization is made up of individuals, and the pandemic has had profound effects on so many people. Can you share with us some of the lingering issues that firms should expect employees to still be coping with even as they return to offices in some form?

Dr. Lindsey McKernan, PhD, MPH, Associate Professor, Psychiatry and Behavioral Sciences, Vanderbilt University Medical Center:

The pandemic created a unique mix of challenges. Many people have suffered elevated levels of anxiety and depression, trauma, physical strain (such as chronic fatigue), grief and burnout. Protecting themselves and loved ones from the pandemic while logging many work hours was an intense and protracted source of stress.

We all cope differently when met with stress. While one person may retreat, another could dive into work for distraction or to feel more in control. Some workers endured periods of withdrawal and may have seen work performance suffer—being late on deadlines they normally would have met, missing or being late for meetings. Other staff may have coped by being extreme overproducers who sacrificed much more than normal—late-night emails, green lights always on, severely blurred lines between professional and personal.

We need to be mindful of grief and loss when reconnecting with our employees. Grief was a common factor among many. Some may have lost loved ones and friends, and many of us have lost out on parts of our lives and our children's lives that we never expected to miss. A number of studies have shown that connections to people who have died from COVID-19 are surprisingly widespread. In one US survey, one in three respondents knew someone who passed away from the virus. Grief is complex and lasting.

All of these aftereffects will be present to some extent in returning colleagues. It's also important to know that grief can be intensely private for some, and you may not know the extent of loss a person has suffered through the pandemic.

Remote work necessarily balances safety and collaboration. What considerations (safety, logistics, productivity, personal interactions, flexibility) are in the mix as you enter the "return to office" era, whether it's hybrid or fully in office? What's top of mind?

Lee Georgs, Chief Operating Officer and Executive Board

Member, Redington: Our Health Committee, which was set up during the first few weeks of the March 2020 lockdown, is driving our return-to-office policies. But we're also listening to team leaders, business leaders and individual employees. We hope to phase back into the office gradually once the government lifts restrictions.

It's a bit complex logistically: we've hired extensively during the pandemic, but our office footprint hasn't grown so we need to implement both a hybrid working model and hot-desking system at the same time. We want to stay connected in the phased return, so we'll experiment until we get it right. Our headquarters in London is a traditional open floor plan arrangement, which means we're looking at ways to keep people focused and efficient in a naturally louder, more energetic environment. Headphones are a start, but there's more to be done.

We're planning to start with a three/two model, with most people in the office three days and home two. Initially, we'll bring full teams in together, rather than splitting them. We'll need to balance intra and inter-team touch points and collaboration but, with many new people, we feel strongly about the need to solidify teams. Of course, we'll learn and adapt as we go.

Nicole Hartigan, Head of People and Culture, Frontier

Advisors: Top of mind is retaining the benefits of collaboration and the synergies from many minds working toward solutions for our clients. You can collaborate remotely, but there's a lot of value from interactions that happen in person and within groups—often from those who may otherwise be on the periphery of an issue. Good solutions are often an amalgam of ideas or observations that might not otherwise connect without the extra dimension that in-person interactions provide.

We're encouraging our team to aim to be together two days each week (Tuesday and Thursday). On those days, we can more easily hold team meetings, including firmwide meetings. Having as many of our people together as possible is also invaluable in keeping that sense of camaraderie and connection that is so important in maintaining our strong culture. And being a part of a strong team culture is critical to the personal satisfaction and fulfillment we each gain from our jobs.

Dr. Lindsey McKernan: Even for workers initially coming in on a limited number of days, it's their first time in an office in over a year—and a massive environment change. Any transition is fertile ground for a stress response, and could resurface pre-existing or dormant mental health challenges.

“Organizations must put a high priority on compassion and empathy, supporting colleagues as they seek a new sense of stability.”

– Dr. Lindsey McKernan, PhD, MPH, Associate Professor,
Psychiatry and Behavioral Sciences, Vanderbilt University Medical Center



Organizations must put a high priority on compassion and empathy, supporting colleagues as they seek a new sense of stability. Communication has to be consistent, open and transparent at all levels to keep people anchored. Respect new boundaries between work and home: they've been blurred, and they need to become less blurred.

For those returning, organizations should encourage them to take stock of how they feel about it. It's important to acknowledge these feelings and to normalize the sense of discomfort a person feels, emphasizing that you can move through it together. Also, encourage employees to consider the benefits of coming back: What aspects of work—and teamwork—could improve by connecting in person? How could the boundaries between the office and home work in your favor?

How has the mix of benefits, including wellness, evolved as a result of the COVID-19 pandemic? What elements have you introduced or expanded to keep the work/life balance as healthy as possible—and how did the delivery of those benefits adapt to a remote environment?

Lee Georgs: The combination of physical and mental effects of the pandemic are different for everyone; some employees or loved ones have become ill, compounding the mental strain. People with long COVID-19 symptoms have needed extra sick days, medical help and support. We've adjusted schedules to allow people to return in a way that works for them and doesn't overburden them as they recover.

For some, childcare and homeschooling are big issues. For others, household members are frontline workers—doctors and nurses—and have needed flexible schedules. In one instance, we arranged

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– Lee Georgs,
Chief Operating Officer and Executive Board Member, Redington



medical care and therapy for an employee whose home office setup created physical issues—so we assessed the specific needs of the individual and then upgraded their equipment. Some people have needed extra mental health support (which we've facilitated) as well as more time away from the office to get well.

It's important to be open about the challenges we face, so we've had senior leaders share their own struggles. Knowing—and seeing—that someone else is experiencing the same issues as you creates a stronger sense of community and a feeling that you can speak up and ask for help. This is especially important when remote work prevents “casual collision opportunities”: stumbling across a colleague during the course of the day, which is only possible in a physical setting.

Nicole Hartigan: To promote wellness, our team has taken on personal exercise challenges and group challenges coordinated remotely. Beside the personal benefits, they provide fun and healthy competition between teams. An area of our intranet is set aside for staff to post pictures of what they're up to and to set a challenge for others to match. Often this involves family, a nice way for us all to learn a little more about our colleagues' lives if they wish to share.

In the office, we've been providing staff with healthy snacks. Because of limitations around the communal use of our kitchen and food preparation areas, it's been important to enable colleagues to come together again in the breakout area for conversations away from their desks. Providing pre-made healthy sustenance has been a way of encouraging that.

While working remotely, we've staged many social events virtually, ranging from trivia quizzes to birthday and farewell presentations as well as regular end-of-week drinks and catch-ups. It's hard to replicate social events remotely, but it's also vital to celebrate milestones and come together. With some imagination and creativity, virtual celebrations can be great fun.

Tell us how you're working to retain top talent whose priorities may have changed as a result of the pandemic? What benefits, including work/life balance, are prospective employees looking for in an organization post-COVID-19? What's the best way to remain competitive in attracting top talent?

Lee Georgs: We have a history of embracing flexible working and trying out different working arrangements to accommodate family needs or personal circumstances. I think that's going to become more and more the norm going forward. Psychologically, people have been through a war, and this will reverberate for years to come.

We need to create work environments that suit people's home, family and outside commitments: to find a way for people to continue contributing in a way that works for both them and the company. Experienced people are a little more practiced at flexing that muscle, but it's harder to do that early on in your career.

I don't know if the ultimate answer is a hybrid working environment, but we also don't want to move into an environment where those in the early stages of their careers are all in the office and those that are

more senior and established are working from home. We have to find a way to help everyone thrive.

Nicole Hartigan: The fundamentals of retaining talent remain. Challenging and interesting work, a sense of purpose, recognition for effort, the ability to balance work and life and a positive team culture are all key for most people. Remaining more than competitive in what we can offer our team across these areas is as much of a priority as it was pre-COVID-19.

We already offered a lot of flexibility in working remotely, but the pandemic has accelerated that. Employees and clients are now alert to the opportunities of different ways of working. We need to not just respond to that but to proactively encourage and support our people in finding a balance that works for them and their teams. Ultimately, that balance will provide the best results for our staff, our firm and—most importantly—our clients.

People want to work for organizations that will support them in achieving great outcomes and be part of something that they can feel proud of. The pandemic has likely increased the importance of purpose in all areas of our lives. Good people will always want to work in organizations with strong values and a clear purpose.

In what ways has culture had to evolve and adapt during the pandemic? What role does leadership play in maintaining a diverse, inclusive culture that addresses all employees' needs while ensuring cohesiveness and overall wellness? How can you determine the mental and physical wellness of an organization—as opposed to that of an individual?

Lee Georgs: Culture is a living, breathing, amorphous thing that firms need to look after as the number one priority. It's going to change and evolve—it has to evolve. What you must fiercely defend are the parts of a culture that are non-negotiable.

We conduct a quarterly pulse survey to find out how we're doing on engagement, alignment and culture. We drill down by team, business line, gender, ethnicity and seniority. It's not a perfect measure, but it's our temperature check. It's especially important when we're not in the office—it includes gauging the opinions of those individuals hired during the lockdown who have never been to our office or met one another.

I have no doubt the virtual environment has impacted our culture, as will the eventual return to in-person contact. We need to hold onto cultural pillars: call out behaviour that doesn't align with our values and ask for and give feedback regularly across the company. We've always tried to instil these habits; we've worked harder at it during remote work and will continue to work at it in a hybrid environment.

Nicole Hartigan: We all have a role to play in building a strong culture that thrives in any situation. But, it's clear that leadership lays the foundations and is responsible for gauging the health of an organization's culture—and for providing any nudges required to stay on track.



“Communicating business strategy and financial health is important, but listening to the way each team member sees the strategy and hearing their ideas is the only way to really understand an organization’s mood.”

– Nicole Hartigan, Head of People and Culture, Frontier Advisors

Leaders regularly checking in on individuals and genuinely seeking their ideas and impressions is critical in gauging organizational health. Communicating business strategy and financial health is important, but listening to the way each team member sees the strategy and hearing their ideas is the only way to really understand an organization’s mood. Looking for different perspectives and experiences within the team will reveal the level of cohesiveness that exists, and will also unearth challenges and opportunities.

Harnessing the benefits of diversity is more than just recruiting a team with diverse backgrounds. The benefits come from ensuring that everyone has the chance to contribute and share their unique insights and experience. Being able to blend a broader set of experiences and perspectives, rather than expecting diverse thought to adapt to existing practices, provides the most complete and original solutions and keeps an organization fit.

How much of a priority is investing with asset managers that emphasize wellness? How can you determine if a firm is aligned with your view of wellness? Are there attributes you look for or questions you ask? Is there specific data (e.g., employee retention data, engagement surveys, etc.) to quantify the wellness of the asset manager? What’s the biggest challenge in assessing organizational wellness?

Lee Georgs: Wellness is critical because it influences so much of how organisations do business. As part of our ongoing due diligence process, we require detailed questionnaires from our asset managers and vendor partners. They cover many aspects, including ESG and I&D [inclusion and diversity], both of which are vital to wellness. These, and many other wellness aspects, flow into an asset managers’ decision-making processes, which is critical.

Decision-making groups experience all kinds of phenomena; not all of them good. If the highest paid person in the room speaks and everyone agrees, why even have a group? You must elicit different perspectives so that issues are surfaced, heard, discussed and evaluated in order to establish a better decision-making process.

It’s crucial that the organisational make-up is diverse if you want to be able to draw out different perspectives and ultimately reach complex, difficult decisions.

As investment consultants, we work very hard to ensure that every member of the pension trustee boards and investment committees we work with understand the decision-making levers at play. It’s important that every person in the room has a voice and contributes to the ultimate decision. That’s no different to a portfolio management team at an asset manager that we’re assessing. It’s only by ensuring everyone at the table has a voice that is considered that we can ensure we are making the best possible decisions in order to progress against our agreed objectives.

Nicole Hartigan: We’ve always assessed the cultures of managers we evaluate, but we’ve increased scrutiny of this area and the need to measure elements that contribute to culture. We are also in the process of building out a more rigorous, repeatable framework for assessing and monitoring culture within our asset-manager research program.

The program revolves around eight principles that underpin a defined, repeatable process. They include areas such as inclusiveness and diversity, an embedded fairness and equality within businesses, and the desire and courage to disclose shortcomings and improve. With recent innovations, we’re collecting a lot more data from managers on retention and diversity, which will enable us to track this through time and across managers.

In addition to desktop research of material provided by managers, our assessment involves multiple discussions with a range of staff over a long time. We then triangulate the evidence contained in available data with our observations in order to test consistency and authenticity. Most asset managers have a convincing corporate story, but it’s only when we develop an understanding of the intricacies of culture that we can truly assess an organization’s wellness.

Past performance, historical and current analyses, and expectations do not guarantee future results. There can be no assurance that any investment objectives will be achieved.

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