



## Post-pandemic society changes and the impact on financial security – one-year on

Thursday 27 January

At our 2021 EMEA summit we looked at the impact the pandemic was having on human behaviour, society, and the future of financial security for individuals. One year on, Thimon de Jong, futurist on society and technology, and senior leaders from Russell Investments David Rae, Head of Strategic Client Solutions, Kate El-Hillow, Chief Investment Officer, and Michelle Seitz, Chairman and Chief Executive Officer, revisit these topics and discuss how society has changed.

### Post-covid: expectation vs. reality

Last year saw the public mood move from one of disillusionment to optimism as the arrival of Covid-19 vaccines seemed to signal a return to normalcy. Unfortunately, the emergence of new virus variants has led to a “flip flop” effect, as people’s emotions switch back and forth between hope and despair at a disorientating pace. The term coined to describe how many are feeling is the “sandbar”, where we find ourselves out of the water and on solid ground, but still far from home! This has had a huge impact on human behaviour, with high levels of boredom, fatigue, and sustained stress across society.

Researchers have found that people emerging from a pandemic often fall into two categories. The first are people who broadly fared okay during the crisis, didn’t suffer from too much emotional distress, but suddenly develop a kind of post-traumatic stress when the emergency ends. The other, and much larger, group are those who found things difficult but experience personal growth as life moves towards normal. These people tend to enjoy something called post-traumatic growth or “PTG”, whereby an individual looks at their life and decides to make some changes.

Another phenomenon we should expect during the post-covid transition is a digital acceleration. With companies refocusing IT capabilities towards remote working solutions in recent years, other technological innovations were put on hold. Moreover, many business leaders simply didn’t have the mental capacity for new, risky change projects while Covid-19 was still at its zenith. One area of particular interest will be the emergences of new “emotional AI” tools, using algorithms to measure human emotions!

### Leadership during, and after, a pandemic

Usually referred to as ‘The Great Resignation’, some companies are noticing a trend of employees making a complete career change or looking for roles in organisations that better align with their personal values. The question leaders need to ask themselves therefore is: what are my organization’s values? Businesses seeking to retain and attract talent will need to tackle this challenge and seize the opportunity that it presents.

The pandemic has put a spotlight on mental health generally. While pandemic frustration may be ubiquitous, younger people are suffering in particular. People in their 40s and 50s tend to be in stable careers or relationships, but the lack of social opportunities available to ‘Generation Z’ in recent years has taken its toll on their sense of wellbeing. There is a responsibility therefore on leaders to check in with younger members of their team and consider these issues as part of their management style.

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With so many feeling the emotional strain of the pandemic, empathy is now a critical leadership trait. With staff working from home, its especially important for managers to make an extra effort to understand how their people are feeling. At Russell, the executive team are focused always on the needs of clients, the wellbeing of staff, and having authentic, open dialogue with each other.

As societies tentatively move towards the post-covid phase, uncertainties remain around how best to get our economies up and running again. For example, should leaders embrace remote working, or push for a return to the office? The simple truth is that we just don't know the answers to these questions yet. The crisis remains still too fresh in our minds to think clearly, so we should not expect robust solutions until the next phase of the recovery: reflection time.

## How is investment changing?

Investment research is an area that continues to benefit from developments in technology. New tools are enabling researchers to collect data at speed. Artificial intelligence is helping to automate the process, communicating quickly and effectively with managers in the wake of an event risk.

Meanwhile, our experts are finding new areas to benefit investors in the face of economic tailwinds. Inflationary pressures and other risk factors will hurt some asset classes more than others, with hard assets presenting real opportunities for returns. For example, we are seeing encouraging signs for housing come through in deal activity but view commercial real estate as being on the risk side due to sustained moves towards hybrid working, bigger offices, and better airflow.

Another possible investment trend we could see is a shift in focus from software to hardware. As new technology develops, more and more computing power is going to be required, while advancements in automation, supply chains, and infrastructure will be similarly dependent on hard technology.

## Important information

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