



## Blackstone, KKR Embrace Hybrid Work, But Vaccine Mandates Vary

Blackstone, Apollo, KKR, Carlyle, Brookfield and Ares all require employees to work from the office at least some of the time, but not all have blanket vaccine mandates.

By Tom Stabile | January 12, 2022

**Blackstone Group** and other large private fund manager have largely signed onto hybrid work models – a few days working from home, more days in the office – as part of their formal response to disruption from the Covid-19 pandemic. But there is less consensus for now on requiring vaccination for all employees – even those not working in the office.

Blackstone, **Apollo Global Management**, **Ares Management**, **Carlyle Group**, **Brookfield Asset Management** and **KKR** all reset their pandemic response policies last year with at least partial requirements for their employees to return to the office. However, most managers temporarily suspended those plans during the recent omicron variant surge that first hit the Northeast last month and now is spreading across the U.S.

But these large managers – and many of their private alts fund peers – are emphasizing flexibility as an orienting theme for their work policies, a clear reflection that the ground has shifted on what employees expect and firms will accept, said **Christopher Addy**, president and CEO at **Castle Hall**, an operational due diligence and sustainable policy consultant.

“It’s a confluence of factors coming together for a pretty profound readjustment of how the asset management world will function,” he said. “They’re all realizing that we’ll likely never be back in the situation where 100% of the workforce will be in the office 100% of the time. It’s such a shock to how we orient our working lives.”

## Welcome Back

The largest private fund managers in the market have broadly similar return-to-work policies for hybrid schedules and testing, but diverge on blanket vaccination mandates.

Fund manager	Apollo Global Management	Ares Management	Blackstone Group	Brookfield Asset Management	Carlyle Group	KKR
Work from office required?	Y	Y	Y	Y	Y	Y

Fund manager	Apollo Global Management	Ares Management	Blackstone Group	Brookfield Asset Management	Carlyle Group	KKR
Hybrid schedule allowed?	Y	Y	Y	No formal policy	Y	N
Full-time remote work option?	N	N	N	N	N	N
Vaccination for staff in office?	Y	Y	Y	Y	Y	Y
Vaccination for all staff?	N	N	N	Y	Y	Y
Testing required for in-office?	Y	Y	Y	N	-	Y
Omicron shift to fully remote work?	Temporarily	Temporarily	Through Jan. 18	Selective	Through January 2022	Temporarily
Assets under mgmt in \$B	\$481	\$282	\$731	\$650	\$293	\$459

Source: Company statements

The decisions these firms are making today may tie in directly to their future ability to retain employees and hire prospects in the future, said **Krissy Davis**, U.S. investment management practice leader at **Deloitte**.

"If I'm a leader of an organization, I'm thinking about 'How do I compete for talent?'" she said. "And how we return to the office is part of it."

Return to office policies must account for two main issues – what's necessary to keep employees safe, and what has resulted from the "grand experiment" of working from home, said **George Wilbanks**, partner at **Wilbanks Partners**, an executive search firm.

"We flipped the switch," he said. "The outcome is that it works – people can work remotely and be just as productive, at least in the short term by our current productivity measures."

What that realization triggers, however, is a wider discussion about whether remote working erodes staff cohesion, Wilbanks added.

"At some point, 12, 24, 36 months out, people believe you're going to see a degradation in the culture of the firm," he said.

The largest private fund managers appear to largely agree on one aspect – requiring workers last year to return to the office at least part of the work week. Blackstone, Ares, Carlyle and Apollo all summoned employees back with hybrid schedules allowing one to two days of working from home,

while KKR and Brookfield ask employees to be back full time, with case-by-case exceptions. None of the firms allow full-time remote working as a standard option.

The managers differ somewhat on vaccination policies, however. While all of them require employees who work from the office to be fully vaccinated, Blackstone, Ares and Apollo don't have a blanket mandate that requires all employees to get a Covid vaccine as a condition of employment.

Blackstone, Ares, Apollo and KKR all also require employees who work in the office to regularly undergo testing to determine whether they have a current Covid infection. Brookfield does not require testing, and Carlyle did not comment on its testing policy.

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The omicron variant did shake up the standing policies at several of the largest managers.

Blackstone, Carlyle, Ares, Apollo and KKR allowed temporary full-time remote working as an option for employees last month and into this month, but most of them will resume their in-office hybrid work schedules later this month. Brookfield aimed to "minimize in-office attendance" around the holidays at its U.S. offices in response to the omicron surge.

A clear theme across the group, though emphasized more heavily by some managers, is having policies with flexibility built in as a primary principle. That's quickly becoming a defining line for fund managers,

Addy said.

"The sustainability of asset managers to attract talent and deliver an above-average franchise over the rest of this decade will not favor entities that set binary, dogmatic policies – 'You must work in the office full time' or 'You must get vaccinated,'" he said. "Managers are organizing themselves to bring about a permanently flexible working environment... That will be the recipe for successful businesses going forward."

Already firms with the most rigid return-to-work policies have found some disadvantages in the hiring market, Wilbanks said. The subset of firms that require 100% of employees back in the office full time had to pay a premium to hire new employees last year, he said, with such managers seeing searches extend beyond six months and paying 20% to 30% in higher compensation.

The competitive environment requires managers to be thoughtful even about their temporary return-to-work policies, Davis said.

"The ones that aren't flexible will potentially have more trouble retaining or recruiting employees," she said. "That's even around different employee types and functions and job roles, and what makes sense for time in the office or on the road or working virtually."

With flexibility and hybrid work as themes, managers still have a lot of work ahead to ensure that their teams are productive and have the right skills to perform in this new environment. Some are focused on helping Baby Boomer and Gen X employees who aren't as familiar with virtual meetings

and remote communications to work more effectively, Wilbanks said. “There is an upskilling crisis at many firms,” he said. “Everybody is stumbling forward through iterations.”

Another big area of focus is around ensuring that younger, less experienced employees don’t miss out on training, mentoring and other knowledge acquisition opportunities for their careers, some of which managers are addressing through new technologies or through more open-design career paths and wider-scope professional development options, Davis said.

“Managers are trying to find ways to address these issues,” she said. “Investments are being made in better technology for the way people interact and collaborate... That’s playing out and is something to watch in 2022.”

Many of these issues dovetail with a far greater focus at many firms on diversity, inclusion, equity and sustainability priorities, Addy said. Flexible working practices rooted in the actual needs of employees who have historically faced disadvantages in the workplace are likely to gain favor with institutional investors, he said.

An overarching theme across all of these plans is managers letting go of the idea that there will be some future “return to normal” of work the way it was before the pandemic hit, Addy said.

“We are going to have a permanent hybrid work model,” he said.

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