EMPLOYEE BENEFIT TRENDS STUDY FULL REPORT

MetLife

CHINA

EMPLOYEE BENEFIT TRENDS STUDY

Valuable Insights From Our Global Study
About MetLife and MetLife Global Employee Benefits

MetLife, Inc. (NYSE: MET), through its subsidiaries and affiliates, is one of the largest life insurance companies in the world. Founded in 1868, MetLife is a global provider of life insurance, employee benefits, annuities, and asset management. Serving approximately 100 million customers, MetLife has operations in nearly 50 countries and holds leading market positions in the United States, Japan, Latin America, Asia, Europe and the Middle East. MetLife is a leading provider of innovative employee benefits. It combines local capabilities with global scale to deliver world-class solutions to thousands of organizations. MetLife has employee benefits operations in more than 40 countries and is a leading provider in over half of those countries. It is also one of two founders of the MAXIS Global Benefits Network, one of the world’s leading international employee benefits networks with a presence in over 110 countries.

About MetLife China

The Sino-U.S. United MetLife Insurance Company Limited (MetLife China) was incorporated as a joint venture company (JV) formed by subsidiaries of MetLife, Inc. and Shanghai Alliance Investment Ltd. (SAIL). Supported by MetLife’s experience in the insurance industry and SAIL’s expertise in the Chinese market, MetLife China is committed to providing trusted and professional insurance solutions. MetLife China is one of the 10 largest foreign/JV life insurers in the Chinese employee benefits market, offering both Group Medical and Life products with offices in seven provinces. MetLife China also offers life and accidental insurance and savings products to individuals in over twenty cities through its career agency, bank partners, and direct marketing.

SAIL is a state-owned investment company affiliated with Shanghai National Capital Bureau. By fully utilizing its resources and strengths, SAIL is focused on investing in the financial services and high-tech industries.

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2 Products and services in China are offered by Sino-US United MetLife Insurance Company Limited which is licensed to transact insurance business in China. Sino-US United MetLife Insurance Company Limited is an affiliate of MetLife, Inc. and a MAXIS Member.

3 China National Insurance Industry Communication Club (NICC) March 2015
Introduction

Welcome to MetLife’s Employee Benefit Trends Study (EBTS), one of the world’s most comprehensive workplace studies. It’s now in its 13th year in the United States with China being its 11th global market surveyed.

As the world’s most populous country, and with a diverse and rapidly changing economy, China presents some fascinating employment challenges.

At MetLife, we strive to understand how employers and their employees in China are addressing these issues as there is often a gap between how the two sides view their relationship. As in other markets, employees tend to be far less attached to their companies than their employers would like to think. EBTS, then, is a valuable resource for employers seeking to understand how to motivate and retain their best people through benefits.

Simply raising the salaries of talented employees has become incredibly expensive. We believe organizations can pursue different solutions. For example, we find employee commitment is strongly correlated to the provision of benefits such as health plans, products that deliver financial security and workplace wellness programs.

Pressure on the healthcare system and demographic trends will only make benefits even more attractive to employees. Understanding what employees want from their workplace and what companies can do to enhance the employment relationship through benefit offerings has never been more important.
MARKET PROFILE

One of the two largest economies in the world. GDP by purchasing power parity (PPP) in 2014 was $17,617 billion, slightly ahead of the U.S.4 (the U.S. remains the largest economy in absolute terms.) Annual GDP growth between 7.6% and 14.6% since 1991.5

Population: 1.37 billion. Average life expectancy at birth 78 years for women, 74 for men. More than 55% of population lives in urban areas.6 China is one of the most rapidly aging populations in the world; the population of those 65+ years is projected to grow to 24% by 2050.7

Healthcare spending: 5.6% of GDP. Roughly 56% of this is spent by the government, representing around 12.5% of its total expenditure.8

BENEFITS AT A GLANCE

The group insurance market, including life, pensions and health, is still relatively under developed, with most estimating that less than 50% of the companies offer group products. It is a high growth opportunity; with group indemnity expected to grow +14% CAGR for the next few years.9

Health

Basic Group Medical Insurance (BMI) is the most popular benefit offered by employers. An estimated 50% of top state-owned enterprises provide medical benefits, as do 90% of foreign-invested enterprises.10 As a less expensive alternative, hospitalization and surgical cash benefit riders to group life or group personal accident policies, is sometimes offered. Although there has been a gradual improvement in social medical insurance, rising medical costs are increasing the demand for BMI in China.

Life and Other Benefits

China is the fifth largest life insurance market globally with more than $141 billion in premiums.11 The main products offered are whole of life and endowment policies, which are used as the foundation for a wide range of protection riders.

Group life is mainly purchased by foreign-invested enterprises who globally tend to have a stronger employee benefits philosophy. Even with this segment, fewer than 50% of companies are thought to provide cover. These policies typically include accidental death and dismemberment riders.

Some employers also provide group critical illness which is the most rapidly growing benefit in the industry and extends to almost 75% of benefit programs.12

Pension

China has a three pillar pension system. The group pensions market is small but developing, as China’s population ages, formal employment increases, and firms compete for a limited talent pool. Just 15% to 20% of leading employers are estimated to offer any form of company pension. Out of the four types of pension plan in use, Enterprise Annuities (EA), mainly used by state enterprises, is the only one that is regulated and receives tax relief. As of June 2013, only 0.4% of all companies registered in China had established an EA scheme, as many private employers, including most foreign companies, prefer the greater flexibility of unregulated pension arrangements.13

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5 World Bank, see http://snipurl.com/china81
7 United Nations, Department of Economic and Social Affairs, World Population Prospects, 2012 revision, Jun 2013
8 World Health Organization 2013, http://apps.who.int/gho/data/node.main.75
10,11,12,13 Axco Insurance Market Report, China: Life and Benefits 2015
The Need to Embrace Talented Employees

Around the world, talented employees are highly prized by their employers. But in most geographies, employees feel less devoted to their companies than their employers expect them to be. China is no exception.

MetLife’s Study found that 66% of China’s employers cite hiring technical talent as very challenging, while 71% say the same about retaining existing talent within their business. With 47% of employers saying a talent shortage will affect their business in the next 12 months, access to the right talent is a problem in urgent need of a solution.

An aging population and workforce mobility are likely to further exasperate the issue. Companies are already reporting a shortage of experienced middle managers and technical employees, and for organizations operating in less attractive locations, the situation is particularly difficult.

Therefore, it is important for employers to have strong engagement with skilled employees. But based on the survey findings, there seems to be a disconnect between the sense of devotion to their company, as expressed by employees, and their manager’s perception of employee commitment.

In China, this gap is significant. While 68% of employers think their employees are “loyal” – that is, they consider themselves emotionally bound to the organization – only 39% of employees agree.

This is a wider gap than many other markets we’ve surveyed. In the United Arab Emirates, for example, the gap is 53% to 51%, respectively.14

Two-thirds of the employers in China surveyed say they express loyalty to their employees – while just 43% of employees agree. The same gap was found when the two groups were asked whether their company was “a great place to work”: 68% of employers say “yes,” but only 42% of employees agree.

What explains this gap in perceptions? We can only speculate. But as in many markets, employees might be wary of sharing negative sentiments or doubts about their commitment with their managers.
This means managers often find out that their employees are unhappy only after they have sought employment elsewhere. The study found that 26% of employees in China would like to be working for a different employer within the next 12 months. This rises to 39% among senior managers.

**EMPLOYEE TURNOVER A GROWING CONCERN FOR CHINESE EMPLOYERS**

The Study found that

26% of employees in China would like to consider working for a different employer within the next 12 months.

This rises to

39% among senior managers

Only 41% of employees in China say they are satisfied with their current job and just 38% with their existing salary.

High turnover can dampen productivity. Chinese businesses have been highly effective in competing in global markets, which has often been a stimulus for other economies and multinational companies (MNCs) to improve their performance. Competition is increasingly fierce, and 66% of Chinese employers tell us that improving employee productivity is a major challenge. Our study suggests that employers have a big opportunity to engage better with employees; make them more satisfied with their work; and make their businesses more attractive to the talent they need to compete both at home and globally.
Salary is Not Enough to Win Employees’ Hearts.

Competitive salaries are fundamental but raising wages is costly and does not address some of the issues that might be causing lower levels of employee engagement and productivity. There are other options.

Our study shows that around the world, money is the single most effective motivator for employees. China is no different. Sixty eight percent of employees considering leaving their employer in the next year said a higher salary would make them more likely to stay. However, raising salaries is often an expensive option. Career advancement is cited by 56% of those employees as a reason to stay. While promotions are a great way to reward talent, hard work and experience, there may not always be legitimate promotion opportunities.

MOTIVATORS TO RETAIN TALENT — CITED BY EMPLOYEES CONSIDERING TO MOVE

- Salary increase: 68%
- Improved benefits package: 58%
- Career advancement: 56%
There are, however, alternatives to wages and advancement. In the study, 58% of the employees considering a move said an improved benefit package would make them more likely to stay. Surprising to some, benefits was more or less as important as career advancement. The percentage saying benefits is a reason to stay is even higher than we found in other markets across Europe, the Middle East and Latin America.

One reason for this could be that many dynamic Chinese businesses have not had to consider a broader employee benefit offering until now. Basic health benefits are more commonplace, especially among multinational companies (MNCs), but a broader package designed to motivate and support employees is less common.

Well-structured benefits packages could help an employer stand out as an attractive option to talented staff.

Almost 60% of employees say that benefits are a reason that they came to their employer, particularly true of those in higher management and mid-career 31 to 40-year-olds, who may be important recruits.

**BENEFITS PACKAGES CAN HELP EMPLOYERS ATTRACT TALENT**

Almost 60% of employees say that benefits are a reason that they came to their employer, particularly true of those in higher management and mid-career 31 to 40-year-olds, who may be important recruits.

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Benefits Enhance the Employment Relationship

In every market where EBTS was conducted, we found that employees who valued their benefits more had higher engagement levels (see opposite page). Thus, a high-value benefit package could help retain employees and could have a positive impact on productivity.

Employees tell us that benefit packages have room to improve. Employee satisfaction with their benefits is relatively low, something that seems to be missed by employers.

For example, only 32% of employees say they are satisfied with their medical benefits, and 34% with life and accident insurance. Yet, 63% of employers think their employees are satisfied with those benefits. This may lead employers to assume they don't need to address the quality of their benefits on offer, when in fact, that could be a perfect way to help them achieve business goals.

CLEAR PERCEPTION GAP BETWEEN EMPLOYERS AND EMPLOYEES WHEN IT COMES TO BENEFITS SATISFACTION

- Employees who say they are satisfied with their medical benefits: 32%
- Employees who say they are satisfied with their life and accident insurance: 34%
- Employers who think their employees are satisfied with those benefits: 63%
In our survey, we ask employees if they value benefits, wellness programs and supportive managers. We want to understand the impact these opinions have on employee engagement and commitment – in other words, how they help the business objectives of their employers in areas like talent retention and productivity.

We asked employees to tell us how they felt about several areas connected with benefits provision, giving a score from seven (strongly agree) to one (strongly disagree). These were:

- Sense of Financial Control
- Value Placed on Benefits Offered by Employer
- Satisfaction with Current Medical Benefits
- Value Placed on Health & Wellness Programs
- Caring/Supportive Boss

The result? We found that for each one-point increase in their average sentiment around benefits, wellness and a supportive work environment, there is a 12% or greater increase in the likelihood of the employee agreeing with statements that support positive outcomes for their employers. For example, we learned that for each point increase in the agreement level for “I place a high value on the benefits from my employer,” Chinese employees on average show an increase of 13% in terms of engagement with that employer. And for each extra point of agreement that they have a caring/supportive boss, average engagement rises by 16%.

Then we used a regression model to compare these results with the attitudes employees have towards statements that indicate they have higher levels of engagement or commitment to their employer’s goals.

The Statements Connected to Engagement:

- “I am satisfied with the job that I have now.”
- “To help this organization succeed, I am willing to work harder than I have to.”
- “At work, I feel as though I’m bursting with energy.”

The Statements Connected to Commitment:

- “I feel loyal to my employer.”
- “I would take almost any job to keep working for this organization.”
Employees Will Pay to Personalize… if Employers Make it Possible

A high-quality benefits package is valuable to both employers and employees in other markets but what does “high-quality” mean to employees in China? Flexibility and choice are essential factors, allowing employees to feel in control but also highly valued by their employer.

China has changed tremendously over the past 25 years and there has never been more opportunity for individual careers. At the same time, there is a clear sense that people must take charge of their own destiny and plan more for their own financial security.

Employees have different priorities and we see that in their desire for benefit customization.

Among employees, 48% said having benefits customized to meet their needs would increase their sense of devotion to their employer. Like other countries, there is a willingness to pay - 59% said they were interested in a wider array of employee paid or voluntary benefits. These voluntary benefits give companies the chance to offer choice without incurring high benefit costs.

Additional medical-related benefits are the most sought after benefits – 83% of those employees are interested in buying them if the cost is shared, and 72% are interested, even if they have to pay the whole costs. Also high up the list are retirement plans (80% part-paid, 63% respectively) and life insurance (78% and 65%, respectively).

In most cases, interest in employee paid benefits is higher amongst professionals and senior management, groups that are high retention risks. Many companies in China already offer some kind of differential benefits, with 64% providing an upgraded package to executives. The high interest in purchasing benefits amongst this group suggests there are more options for retaining these highly valued employees.

Employers are generally positive about voluntary benefits - 82% think optional benefits are a cost-effective way of meeting employees’ diverse needs. That said, employers want to ensure that these offerings are managed efficiently - 53% of employers say the biggest reason for not providing new benefits is the time and resources needed to manage their implementation. If the administration can be managed effectively, employee-contributed benefits are an ideal way to enhance employee relationships.

**EMPLOYEES SHOW HIGH INTEREST IN VOLUNTARY BENEFITS**

- **Medical related benefits**: 83%
  - Employer shares cost: 72%
  - Employee pays all costs: 65%

- **Life Insurance**: 78%
  - Employer shares cost: 65%
  - Employee pays all costs: 80%

- **Retirement plans**: 63%
  - Employer shares cost: 63%
  - Employee pays all costs: 80%
BENEFITS AND EMPLOYEE SATISFACTION LEVELS: U.S. AND CHINA COMPARED

MetLife’s Employee Benefit Trends Study began as an annual study in the U.S. 13 years ago and now surveys employers and employees in 11 countries. This allows for interesting comparisons between different markets, and with this being the first study in China, we can now evaluate benefits trends in the world’s two biggest economies side by side.

Employers in both countries face talent pressures, which is a trend seen across all markets. Global competition, technology and specialization are forcing organizations in most countries to search harder to find and keep skilled employees. In China, the concern about retention is especially high: 71% of employers say they are concerned about keeping talent compared to 58% in the U.S. Interestingly, the data suggests that Chinese employees may be at greater risk of leaving. U.S. employees are more likely to say their workplace is a great place to work (59% versus 42% in China) and that they are satisfied with their job (52% versus 41%), respectively.

In the U.S. employees report higher satisfaction with benefits, (44% for U.S. employees and 33% in China). While we see a positive correlation between valuing benefits and engagement in both countries, this difference in benefit satisfaction may be impacting Chinese employee engagement.

What makes U.S. workers say they are more satisfied? And do benefits play a role?

One reason for this difference in benefit satisfaction could be the range and choice of benefits provided to employees. In both markets, the more benefits the employee says their employer offers them, the more satisfied they seem to be with their benefits. Other than medical insurance, American employees are more likely than Chinese employees to say they have received protection and retirement benefits through their employers such as life insurance (52% and 44%, respectively), disability cover (51% and 46% respectively) and retirement plans (65% and 50%, respectively). Also likely to make a difference is that voluntary benefits are common in the U.S. and generally well-received by employees but have yet to make a big impact in China.

A strong and well-communicated flexible benefits package provides a clear opportunity for employers to differentiate their employee value proposition and win over talented employees in both markets.

15 Latest EBTS from the United States was released in Q1 2015 and is available at benefitstrends.metlife.com
16 Populations (e.g., % by age groups, size of employers, etc.) surveyed for the EBTS of each country are not identical but comparable.
Healthy Employees Mean Lower Costs and Higher Productivity

“Wellness” – employer programs to help employees address health, fitness, and stress – is a global trend that is gaining popularity with Chinese employees – and their employers.

The term “wellness” covers a huge range of activities designed to promote the long-term health of employees. They range from simple smoking cessation programs or healthy eating plans at work, to stress management, health checks and treatment for chronic diseases.

Wellness is becoming more important in China, driven in part by the rising middle class who are looking to improve their quality of life and increasingly aware of the impact lifestyle on well-being.

Rapid urban growth has also created health challenges, with increasing incidence of emotional issues like stress and pollution induced conditions, like asthma.

As a result, the concept of wellness programs in the workplace is positively viewed. Among employees, 79% say they would like their employer to offer more health programs and 89% of employers say that it is important to provide plans to encourage healthy behavior.

Wellness programs can have a direct impact on the employer’s bottom line through lower healthcare costs. Possibly more importantly, the greatest financial advantage could be the impact on health-related absenteeism and productivity.

In our survey, those who rate their health highest display higher levels of engagement and readiness to work. Only 44% of those employees who rate their health as “good, fair or poor” say they feel physically and mentally able to do their job. Among those reporting “very good or excellent” health, that rises to 68%.

Furthermore, 61% of those employees who rate themselves in good health say they are satisfied with their current job – falling to 32% for those that rate themselves as less healthy.

Encouragingly, participating in wellness programs can change employee perceptions; 97% of employees taking part in wellness programs said the programs have had a positive impact of their health. Even basic wellness provisions can start to make a real difference to productivity, engagement and satisfaction.

**HEALTHY EMPLOYEES DISPLAY HIGHER LEVELS OF ENGAGEMENT AT WORK**

- Employees who rate their health as “good, fair or poor”
- Employees who rate their health as “very good or excellent”
WHERE TO FOCUS ON WELLNESS

There is a broad range of opportunities in wellness, and effective programs need to consider both physical and emotional health. Employers and employees cite similar levels of concern for lifestyle related health concerns. In addition, Employees tend to be more concerned about emotional health. They cite their sedentary lifestyles, work-life balance and stress amongst their most concerning health issues. Addressing these, then, give plan sponsors a way to boost engagement at work.

Employers, on the other hand, seem most focused on aspects of wellness that might impact overall health costs and absenteeism: respiratory problems, chronic pain and diabetes. Both groups worry about cancer.

The ideal approach is a comprehensive wellness program that helps employees all along the spectrum of health, from education and awareness, to prevention and screening, to behavioral change and, as necessary, health intervention.

As the growing middle class seeks to improve their lifestyle, wellness awareness programs are perfect places to start. Many employers say they already offer them, providing information in newsletters, seminars and online tools. Areas for potential improvement are in the way they are delivered; for example, using more innovative digital channels and a broader range of topics. Oral health, for instance, is an area of interest to employees.

The availability of prevention and behavioral change programs are less prevalent than education. One third of employers say their insurer only provides information on better health. Yet, programs like biometric screenings, preventative diagnostic exams, vaccines and flu shots can have a rapid payback. Programs that help manage the impact of pollution are important given the prevalence of respiratory issues.

Lastly, offering programs that can facilitate behavioral change, such as incentives to be more active and flexible work schedules, are popular with employees and can be provided at a relatively low cost.

TOP EMPLOYEES’ HEALTH CONCERNS

- Medical problems: 65% (Employee) 91% (Employer)
- Emotional health: 69% (Employee) 58% (Employer)
- Lifestyle issues: 69% (Employee) 64% (Employer)

Employee | Employer
Easing the Financial Burden

China’s demographic profile means many people have the financial responsibility of caring for elderly parents while planning their own post-employment life. Helping build financial security can provide the peace of mind that allows employees to stay more focused on the job.

Employees are stressed about their financial responsibilities and it is impacting their work. 46 percent of employees feel they spent more time thinking about personal financial issues at work than they should, which could have a negative impact on productivity.

Not having enough money to live in retirement is employees’ top financial worry, a high concern for all age groups.

Most employees aged 18 to 40 carry the additional responsibility of caring for their parents, and 59% of them are concerned about the resources to do so. This percentage is higher than in other countries and may be driven by the effects of the One Child Policy.

The government has implemented and is considering policy changes including a modification to the One Child Policy and adjustments to the retirement age. These changes will likely have a positive impact but will take time to have an effect.

Employers understand they have a role to play in addressing the crisis: 62% agree that their company has a responsibility to help employees ensure they have enough money in retirement. Some employers offer supplemental pension plans and more intend to introduce one. Fine-tuning those plans with simpler voluntary options and enhancements might help address employee financial stress.

Offering financial planning services as part of the company’s benefits offerings could be another opportunity for employers. Only 36% of employees said they were very confident about their ability to make financial decisions about retirement and insurance. Despite their ambitious retirement plans (47% plan to retire before age 60), half said they are behind or don’t have retirement savings goals. The need for advice is clearly acute. Employees are most interested in tools that help educate but also allow them to take action. Nearly 60% of employees expressed an interest in online tools, seminars or one-on-one advice, rising to over 75% among senior managers. This provides another way employers can differentiate their company, especially to more senior executives.

Employees express interest in tools that educate but also help them take action.

Nearly 60% of employees expressed an interest in online tools, seminars or one-on-one advice, rising to over 75% among senior managers.
The Value of Communicating the Whole Package

Caring managers, a supportive work environment, career development and a strong, flexible benefits package are all excellent ways of boosting engagement with employees.

However, it is essential to communicate these offerings clearly in order to maximize the return on the investment. In every country surveyed, our study found satisfaction with benefits rises considerably when a plan is well communicated.

Employees who think those communications are effective are more positive about both their job and benefits.

Conversely, if employees are unaware of the benefits offered or don’t know how best to access them, it is not surprising that their attitude toward their benefits and employer is less positive than it could be.

It is encouraging, then, that employers in China and their employees are relatively positive on the subject of benefits communication: 65% of employers see their communications as effective, and 58% of employees agree. Chinese employees are more positive than any other market surveyed.

That said, there are signs that the message about benefits is not being fully heard.

When asked to list the benefits they offer, the average number stated by employers is 8.0 benefits. When asking employees how many they are offered, the average drops to 4.8 benefits. This gap suggests that employees may not be aware of all that they are offered.

For many employees, the most immediate source of most communication is their line manager. With more support, frontline managers can help multiply the business gains from a benefits program by improving their communications with employees. And, doing so could make the manager appear more caring and supporting, a key driver of employee commitment.

DIFFERENCES IN OPINION BETWEEN EMPLOYERS AND EMPLOYEES WHEN IT COMES TO BENEFITS OFFERED.
Based on our findings, there are several considerations for employers when thinking about good benefit communications.

1. Don’t limit to one channel. Employers who report better communications use more than one method.

2. Hard copy is still popular. Booklets, leaflets and even gifts are effective media – with 62% of employees rating their benefits handbook as very useful.

3. Digital channels such as blogs and social media are slowly becoming more important…

4. …but face-to-face briefings remain one of the most effective sources of support.

5. Customize if possible – whether this is an online portal, printed materials or face-to-face advice.

6. Engage frontline managers. Ensure they understand their benefits and can be encouraging to others in utilizing them.
MOTIVATING SENIOR MANAGERS AND HR

Our survey offers very detailed analysis of how employees think about the organizations they work for – as well as how they might be encouraged to work harder and commit more to those companies. We also asked questions about engagement of those employers answering the study – the senior managers and HR leaders who are involved in benefit management.

The study found that 40% of managers who say they are responsible for managing benefits don’t feel they have an opportunity to contribute strategically, and, in large companies, this rises to 45%.

Those who express this sentiment are less likely to say their employees are satisfied with the benefits offered or feel a sense of devotion to their company.

Creating more of a strategic connection between benefits and the organization’s strategy to recruit and retain talent could help create a greater sense of purpose and value for managers of benefits.

BENEFIT MANAGERS EXPRESS NEED TO BE CONNECTED MORE TO ORGANIZATION’S STRATEGY

The study found that 40% of managers who say they are responsible for managing benefits don’t feel they have an opportunity to contribute strategically, and, in large companies, this rises to 45%.
Conclusion

China’s arrival as perhaps the most important economic force in the global economy has created new challenges for the people running its businesses. An aging, mobile and increasingly highly-skilled workforce places additional demands and makes talent and productivity management a critical success factor.

China’s business growth is an incredible success story. Over the past three decades, it has transformed a command economy into one of the most successful market-driven economies in the world. Multinationals flock to invest in China, and Chinese businesses are increasingly seen as market leaders and innovators across the globe.

As growth starts to slow, China’s businesses mature, there comes an opportunity to fine tune the approach and different ways to compete for talented and experienced employees.

An increasingly affluent, mobile and aging population mean that employees are looking for more from their employers. Salaries and promotions are still attractive. But they are also motivated by benefits such as healthcare, life insurance, flexible working and financial planning.

Most of these changes are evident in markets across the world, but China has grown faster and further – and changed more dramatically – than most economies. The findings of the study suggest that, as a result, employee sentiment on workplace engagement may have lagged behind the aspirations of their employers.
Taking a more progressive approach to benefits can better address employee’s new expectations and help them feel more motivated and committed.

A broad-based and responsive benefits program could be the ideal way to bridge the gap in perceptions about the relationship between employers and employees:

**Rethink Benefit Plans to Attract and Retain Talent.** Companies should stay focused on benefits that help them achieve their strategic talent goals of increasing employee satisfaction, boosting productivity, while managing expenses. Addressing employee needs with benefits can differentiate an employer from its rivals, keeping the most sought-after employees engaged and in place.

**Review Voluntary and Flexible Benefits Offerings.** Employers who take the time to build benefits packages that meet the diverse needs are rewarded through engagement and commitment. It’s also clear that a high proportion of employees see real value in paying for additional benefits sourced through their employer, especially if their employer pays part of the cost.

**Wellness Programs Make a Difference.** Both employers and employees with a workplace wellness strategy say that it works well. However, employees want more from their wellness programs – and there are opportunities in helping manage financial, emotional and physical wellness. This can help to improve employee engagement and help reduce absenteeism caused by health problems, and second, to minimize the health costs of chronic illness, stress and lifestyle conditions. Broad-based wellness programs differentiate a business from its rivals in the war for talent.

**Better Benefit Communications to Educate Employees.** Organizations with a well-managed approach to communicating benefits – using traditional methods, digital channels and face-to-face communications – reap far greater rewards from their benefits program. Overall, employers in China are more effectively communicating with their employees about benefits than those in many other markets but there is always room to improve.
Methodology

**STATEMENT ON METHODOLOGY:**
MetLife’s China Employee Benefit Trends Study was conducted during January and February 2015 by ORC International, one of the world’s largest research companies.

**Demographic Profile of the Employer Sample:**
The employer survey comprised 392 interviews with benefits decision-makers at companies with staff sizes of at least one-hundred employees. All stated that they deal with employees benefits or offer employee policies at their companies. Government and public administration organizations were excluded.

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<th>Location</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tianjin</td>
<td>5%</td>
</tr>
<tr>
<td>Suzhou</td>
<td>4%</td>
</tr>
<tr>
<td>Shenzhen</td>
<td>6%</td>
</tr>
<tr>
<td>Shanghai</td>
<td>28%</td>
</tr>
<tr>
<td>Hangzhou</td>
<td>4%</td>
</tr>
<tr>
<td>Guangzhou</td>
<td>16%</td>
</tr>
<tr>
<td>Dongguan</td>
<td>3%</td>
</tr>
<tr>
<td>Chongqing</td>
<td>3%</td>
</tr>
<tr>
<td>Chengdu</td>
<td>7%</td>
</tr>
<tr>
<td>Beijing</td>
<td>24%</td>
</tr>
</tbody>
</table>

**Demographic Profile of the Employee Sample:**
The employees survey comprised 367 interviews with full-time employees ages 18-70, at companies with at least one-hundred employees. All say they receive benefits from their employers and are involved in household financial decisions.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heavy Industry</td>
<td>40%</td>
</tr>
<tr>
<td>Sales and Trade</td>
<td>8%</td>
</tr>
<tr>
<td>Professional</td>
<td>40%</td>
</tr>
<tr>
<td>Government/Public Administration</td>
<td>7%</td>
</tr>
<tr>
<td>Other</td>
<td>5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company Size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>100-499</td>
<td>33%</td>
</tr>
<tr>
<td>500-999</td>
<td>17%</td>
</tr>
<tr>
<td>1000-1999</td>
<td>16%</td>
</tr>
<tr>
<td>+2000</td>
<td>34%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operations in Number of Countries</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>23%</td>
</tr>
<tr>
<td>2-8</td>
<td>48%</td>
</tr>
<tr>
<td>9+</td>
<td>29%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>63%</td>
</tr>
<tr>
<td>Female</td>
<td>37%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-30 yrs</td>
<td>23%</td>
</tr>
<tr>
<td>31-40 yrs</td>
<td>47%</td>
</tr>
<tr>
<td>41-50 yrs</td>
<td>25%</td>
</tr>
<tr>
<td>51-60 yrs</td>
<td>5%</td>
</tr>
<tr>
<td>61-70 yrs</td>
<td>1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Location</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beijing</td>
<td>27%</td>
</tr>
<tr>
<td>Shanghai</td>
<td>25.3%</td>
</tr>
<tr>
<td>Guangzhou</td>
<td>15.3%</td>
</tr>
<tr>
<td>Tianjin</td>
<td>7.1%</td>
</tr>
<tr>
<td>Chengdu</td>
<td>6.3%</td>
</tr>
<tr>
<td>Suzhou</td>
<td>5.2%</td>
</tr>
<tr>
<td>Hangzhou</td>
<td>4.4%</td>
</tr>
<tr>
<td>Shenzhen</td>
<td>4.4%</td>
</tr>
<tr>
<td>Chongqing</td>
<td>4.1%</td>
</tr>
<tr>
<td>Dongguan</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

**Base: Total**

<table>
<thead>
<tr>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>393</td>
<td>100.0%</td>
</tr>
<tr>
<td>367</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
About the Study

MetLife’s Employee Benefit Trends Study delivers timely and reliable research results that explore important benefits issues and evolving trends around the world. Building on more than a decade of research and experience in the U.S., as well as nine additional markets since 2007, the Study provides fresh insights that can help employers get more from their benefits investments in the form of satisfied, skilled and productive workers. The Study also suggests tactics to help employees become more knowledgeable benefits consumers, leveraging insights from multiple markets in order to respond to the evolving benefits environment. The study design, involving both employer and employee surveys, was developed in the US and has been adapted in various key markets around the globe including: 2007 (Australia, Mexico, UK and India); 2011 (Australia, Brazil, India, Mexico, United Kingdom); 2013 (Brazil, Chile, Mexico); 2014 (United Arab Emirates, Poland, Russia); and 2015 (United Kingdom, India, China, Egypt).

For additional information, visit us online:
China: www.metlife.com.cn
MetLife Global Benefit Trends: benefittrends.metlife.com
MAXIS: www.maxis-gbn.com

About MetLife

MetLife, Inc. (NYSE: MET), through its subsidiaries and affiliates, is one of the largest life insurance companies in the world. Founded in 1868, MetLife is a global provider of life insurance, employee benefits, annuities, and asset management. MetLife is a leading provider of innovative employee benefits with employee benefits operations in more than 40 countries.

The Sino-U.S. United MetLife Insurance Company Limited (MetLife China) was incorporated as a joint venture company (JV) formed by subsidiaries of MetLife, Inc. and Shanghai Alliance Investment Ltd. (SAIL). MetLife China is one of the 10 largest foreign/JV life insurers in the Chinese Employee Benefits market, offering both Group Medical and Life products with offices in seven provinces.