INDIA
EMPLOYEE BENEFIT TRENDS STUDY
Valuable Insights From Our Global Study
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About MetLife’s Global Employee Benefits

MetLife is a leading provider of innovative employee benefits that combine local capabilities with global scale to deliver world-class solutions to companies. With more than 145 years of experience, MetLife brings considerable and extensive resources and experience to bear for its customers. MetLife offers a product suite to employers that spans life, health, and pensions; we also provide data and best practices from around the world to help employers enrich their benefit plans and retain top talent in a cost-effective way.

MetLife has employee benefits operations in more than 40 countries and is a leading provider in over half of those countries. We are one of the 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 PNB MetLife

PNB MetLife brings together the financial strength of one of the world’s leading life insurance providers, MetLife, Inc., and the credibility and reliability of Punjab National Bank (PNB), one of India’s oldest and leading nationalized banks. The vast distribution and reach of PNB together with the global insurance expertise and product range of MetLife makes PNB MetLife a strong and trusted insurance provider.

With over 1,200 group policies and 2.2 million lives covered, it is one of the fastest growing life insurance companies in the country. Having started its employee benefits business in 2014, PNB MetLife is one of the largest in terms of the number of lives covered today, amongst the private life insurers in India. Positioned as a long-term player, the company has developed a strong employee benefits channel based on its core values of putting customers first, being the best, making things easier and succeeding together. It is one of the largest group insurance providers for employee benefits amongst private life insurers and has been acknowledged as the “Most Serious Competitor” by peers in the Munich Re 2014 Group Insurance Survey.

PNB MetLife has both fund-based and risk-based products with add on riders for groups across India.

It takes great pride in the financial solutions that it offers. But that’s not all; the requirements and comfort of its clients are always PNB MetLife’s priority. That is why the interactions by its employee benefits channel are distinguished by their expertise, compassion and sensitivity.

1 The MAXIS Global Benefits Network (“Network”) is a network of locally licensed MAXIS member insurance companies (“Members”) founded by AXA France Vie, Paris, France (AXA) and Metropolitan Life Insurance Company, New York, NY (MLIC). MAXIS GBN (“MAXIS”) S.A.S., with registered office at 313, Terrasses de l’Arche – 92 727 Nanterre Cedex, France, is an insurance and reinsurance intermediary (registered with ORIAS under number 16000513 – www.orias.fr) that promotes the Network. MAXIS is jointly owned by affiliates of AXA and MLIC and does not issue policies or provide insurance; such activities are carried out by the Members. MAXIS operates in the UK through its UK establishment MAXIS GBN with registered address at Hackwood Secretaries Limited, One Silk Street, London EC2Y 8HQ and Establishment number BR018216 and in other European countries on a services basis. MLIC is the only Member licensed to transact insurance business in NY. The other Members are not licensed or authorized to do business in NY and the policies and contracts they issue have not been approved by the NY Superintendent of Financial Services, are not protected by the NY state guaranty fund, and are not subject to all of the laws of NY.

2 Products and services in India are offered by PNB MetLife India Insurance Company (f.k.a. MetLife India Insurance Co. Ltd.) which is licensed to transact insurance business in India. PNB MetLife India Insurance Company is an affiliate of MetLife, Inc. and a MAXIS Member.
Introduction

Welcome to the latest Employee Benefit Trends Study (EBTS) for India. Amongst other things, the main objective of this study is to understand how employers and employees perceive employee benefits as a part of the overall organizational experience. This 360° approach is what makes this study unique in its space.

As one of the fastest growing economies in the world – which will become its most populous nation within a generation³ – India presents unique challenges both to domestic businesses and the vast range of multinational corporations eager to be part of its success story.

The rapid growth and evolution of India’s economy has put its employment market under stress. Massive demand in key sectors, such as information technology, and the drive to deliver ever-higher quality levels of staff to meet global requirements have created severe competition for its best and brightest. Those employees with marketable skills and a strong track record are working ever harder to fulfill demand.

India now faces an acceleration of those pressures. Many companies restricted their hiring in recent years in the face of economic uncertainty. But tension has eased with a new government bringing hope of sweeping economic reforms and renewed growth. That said, India’s annual GDP growth rate hasn’t dipped below 3.8% since 1991 – a record western governments can only wonder at.⁴

Companies are on the lookout for talent once again and employees now have more options to explore. At the same time, there is a clear need to boost productivity of individuals, companies and the country as a whole. That’s forcing all organizations to take a hard look at what it takes to retain and motivate, as well as attract talent.

³ “World Population Prospects”, UN department of Economic and Social Affairs and subsequent press release on 13 June 2013.
⁴ World Bank Country Data (www.worldbank.org)
MARKET PROFILE

- 4th largest global economy (purchasing power parity) with a GDP of $2,048bn.
- GDP: Services (57.9%); industry (24.2%) and agriculture (17.9%).
- GDP per capita of $5,800 (purchasing power parity).
- GDP growth forecast: 7%-8% from 2015/16.
- Population: 1.2 billion (2014 estimate).
- Life expectancy at birth: 67 (male), 69 (female).
- Median age: 27 years.
- Investor appetite has improved after a reduction of the current account deficit and expectations of post-election economic reform. Inbound capital flows have been rising.
- The Narendra Modi-led government has promised to lay emphasis on high economic growth through increased employment, especially in the manufacturing sector through the 'Make in India' program. It is also looking to strengthen international relations to increase economic cooperation with them.

BENEFITS AT A GLANCE

Employee benefits in India can be categorized in two parts:

Mandatory Benefits

- India does not have a social security system. However, there are statutory employee benefits controlled by legislature. Under the Employees’ Provident Fund and Miscellaneous Provisions Act (EPFMP), employers are obligated to provide provident fund benefits. It is mandatory for the employer and employee to each contribute 12% of basic salary to the central Employees’ Provident Fund Scheme (EPFS) on which interest is credited. Of these contributions, 8.33% of the employer’s contribution is diverted to the Employees’ Pension Scheme (EPS), provided the company has more than 20 employees.
- All employees to whom the Employee’s Provident Fund and Miscellaneous Provision Act, 1952 applies, have a statutory liability to subscribe to Employee’s Deposit Linked Insurance Scheme (EDLI) 1976, in order to provide for the benefit of life insurance to all their employees. The insurance cover under EDLI is variable and it is based on the employee’s average balance in his/her Provident Fund account over the last 12 months subject to a maximum of INR 3.3 lakh. The employer contributes 0.5% of the employee’s basic salary as premium for the EDLI insurance scheme. However, the employer may be exempted from contributing to this scheme, if he or she has provided for better insurance benefits through an alternative scheme.
- Employees’ State Insurance Act (ESI), 1948 provides for an integrated need-based social insurance scheme that would protect the interest of workers in contingencies such as sickness, maternity, temporary or permanent physical disablement, injury, occupational disease and death due to employment resulting in loss of wages or earning capacity. The social security measures in the ESI Act aim at upholding human dignity in times of crises through protection from deprivation, destitution and social degradation while enabling the society the retention and continuity of a socially useful and productive manpower.

1 All “Market Profile” figures from The CIA World Factbook 2014 unless otherwise noted. GDP figures (and ranking) are based on purchasing measurement of power parity (PPP).
• The Employees Compensation Act, 1923 (formerly known as Workmen’s Compensation Act 1923) provides for compensation by employers to employees who die or who are totally or partially disabled from any accident arising out of or in course of the employment. The compensation amount is determined by applying the age of the employee and his wages, both at the time of the accident. Liability of employer is unlimited in case of hospitalization of employees.

• The Payment of Gratuity Act, 1972 is a social security statute aimed at providing Gratuity as a statutory benefit paid by the employer to the employees who have rendered continuous service to such employer for at least five years. Gratuity is a payment given by the employer to employee in gratitude of the employee’s services to the employer, in the form of a lump sum amount paid based on the duration of the employee’s total service to the employer. The employer shall pay gratuity to an employee at the rate of fifteen days’ wages based on the rate of wages last drawn by the employee concerned, for every completed year of service or part thereof in excess of six months. The amount of gratuity payable to an employee shall not exceed INR 3.5 lakh. Gratuity is payable to an employee on cessation of employment (either by resignation, death, disablement, retirement, etc.) by taking the last drawn salary as the basis for the calculation. In case of death or disablement of employee, the condition that the employee should have worked for five continuous years with the employer is not applicable. It is a defined benefit plan and is one of the many retirement benefits offered by the employer.
Voluntary Benefits:

Group Term Life is a highly convenient yearly renewable term life insurance product. This product facilitates payment of a pre-defined sum assured to the nominee of an employee in case of the unfortunate death of the employee. The employer can structure this plan accordingly to the needs of his or her organization. These plans can be customised by adding further accidental and critical illness riders. Most organizations have started providing this benefit as part of the employee benefits offering. Today, companies are also looking to offer voluntary group life cover to their employees. This is the top-up cover that the employee can opt for over and above the company provided cover. The premium charged will be dependent on age and is paid by the employees through salary deduction.

Superannuation is a company initiated plan, designed to provide monthly annuities to employees post retirement / separation from company. All companies generally invest this money with an insurance company or as per Rule 67 (2) of Income Tax Rules 1962. Defined Benefit Schemes are administered as a pool fund like Gratuity. In Defined Contribution Schemes, individual member accounts are opened and contributions for each person are administered separately. In Defined Contribution Schemes, contributions over INR 1 lakh per member annually are taxable in the hands of the employee.

Leave Encashment is an option that some employers give to employees who don’t utilize their annual / earned leave completely. The rules for carry forward of these leaves vary and is usually encashable on separation from the company. Employers in India use the services of life insurance companies to create investment assets against this liability in the form of a Leave Encashment Policy.

Group Mediclaim is an important part of various health benefits offered by employers. These benefits are in the form of indemnities where an employer agrees to pay premium to an insurance company for reimbursement of medical expenses of employees and /or their families, subject to a particular limit. These limits can be enhanced through a voluntary top-up option for which the premium is paid by the employees. Parent and spouse cover is a popular top-up facility offered.
The Insatiable Demand for Talent

India is on course to be the world’s most populous country – and its largest economy – within one generation. Much of this remarkable growth has been delivered by new industries and rapid urbanization. Add in a thirst for higher productivity and a fresh influx of multinational businesses, and it’s no surprise that there’s a keen war for talent.

This is the education paradox of India. We are the world’s largest producers of graduates, but talent to meet the demand of the largest hirers, IT, ITES and financial services is in acute shortage.

46% of the employers in India said that shortage of talent will affect their business in the next 12 months.

This war for talent is pushing salaries to levels where companies are facing the risk of losing the cost leverage that has made them successful in the first place. Employment in the IT/ITES export industry alone increased from 0.38 million in 2002-2003 to 1.77 million in 2009-2010. By the end of 2012 fiscal year, that had risen to 2.97 million.\(^6\)

India’s transition to a knowledge-based economy requires new generations of educated and skilled workers. But although there is a strong education pipeline, and a huge number of colleges specialising in engineering and business administration, the highest quality graduates remain extremely sought after. Add in competition from overseas employers hunting globally for similar skills, and it’s not surprising there is a talent shortage in knowledge-based jobs in India.

These problems also exist in jobs requiring vocational skills. Infrastructure, construction, mining and healthcare have also been growing as India’s economy has raced ahead. As a result, compensation and attrition rates continue to rise.

So how can employers drive commitment and productivity while at the same time avoid rampant salary inflation?
When we asked employers for the main challenges they face, the top answers were: being competitive; hiring and retention of skills and talent; and employee feedback on benefits. Large enterprises are more focused on being competitive, while talent is by far the biggest issue for the IT industry.

In fact, today’s skilled employee is asking for something different. They want their employer to look toward the broader “employee value proposition.” This could be in the form of demonstration of care to all the employees – not just to shower the most in-demand and skilled workers with high wages. Create an environment that’s more attractive than just money and more conducive to high-performance over the long term – avoiding high stress and long hours.

Articulation and implementation of these value propositions can differentiate an organization and empower HR departments, helping with recruitment and retention of talent, as well as driving up commitment and productivity.

**BENEFIT CHALLENGES, AS RATED BY EMPLOYERS**

1. Keeping up with competition
2. Hiring and retention of talent
3. Employee feedback on benefits

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The Commitment Conundrum

Our survey shows that there’s a clear gap between the levels of loyalty assumed by employers and their employees’ own sentiment. The challenge for companies is how to raise employee commitment, retention levels and productivity – without breaking the bank.

Mismatches between employer and employee opinions are always a “red flag” issue within the Employee Benefit Trends Study. So what are the reasons for a loyalty gap? Only 51% of employees say they are satisfied with their current job and just 53% say they are “physically and mentally able” to do their job. This suggests simply raising the salaries of skilled staff would not be the answer. Boosting commitment to the organization – which we test using questions about loyalty – requires an understanding of employee satisfaction and support for employees under pressure.

THE LOYALTY GAP

- Our employees are loyal to our company
- Our company is loyal to our employees
- Our company is a great place to work
- I feel loyal to my employer
- My employer is loyal to me
- My company is a great place to work
As more foreign companies set up their shops in India, this places an additional pressure on domestic and mid-market businesses to enhance their employee value proposition.

Our research uncovered some interesting facts. The three biggest drivers of higher commitment are:

- Strong benefits communication
- Participation in wellness programs, and
- Having a caring boss

These factors prove to be even more profound in India than what we have seen in other tested markets. Employees are also more satisfied if their benefit offering is convenient, educative, better priced with more options, and helps them manage their family health and wealth.

After having conducted Employee Benefit Trends Study research across key markets around the globe, we know that the best organizations can drive up the levels of employee commitment, engagement and “work ability” using a strong benefits package. They can also work as a strong retention tool.

A benefits package is a key part of the overall employee value proposition:

47% of the employees told us they would like to be working for a different company within a year, just above half of them mentioned that a strong benefits package would be a reason to stay with their current company.

Interestingly, more than 80% of Indian employers say that benefits are important in attracting and retaining talent.

Our study shows that a benefit structure design that employees really want and effective communication of that structure are two important factors that help in making a benefits package successful in the organization.
It’s worth noting that there’s a mismatch between employers and employees’ perception when it comes to the type of benefits that should be part of a package. The chart below demonstrates the problem. Many employers are offering benefits that aren’t high up their employees’ wish-lists. And, relatively speaking, they’re ignoring some highly sought-after financial security options that might be a powerful tool in boosting employee commitment.

1. A BENEFIT STRUCTURE DESIGN THAT THE EMPLOYEE REALLY WANTS:

HUGE PERCEPTION GAP BETWEEN EMPLOYERS AND EMPLOYEES WHEN IT COMES TO BENEFITS OFFERING

- **Life Insurance**
  - Employee: 73
  - Employer: 61

- **Critical illness**
  - Employee: 39
  - Employer: 85

- **Gift certificates**
  - Employee: 22
  - Employer: 70

Employee - want to own (preferred benefits)  Employer likeliness to offer
2. EFFECTIVE COMMUNICATION OF THIS BENEFIT STRUCTURE:

We found that benefits are not always that well communicated – so their potential value to employees is not always realized by their employers. Evidence for the success of that stronger “employee value proposition” will be found in the commitment scores (see box, predicting employee commitment).

PREDICTING EMPLOYEE ENGAGEMENT AND COMMITMENT

Our study asked employees if they value certain things from their employers such as benefits, wellness programs and supportive managers.

We wanted to understand how these opinions impact key business objectives for employers. In other words, if an employee values the benefits program offered at work, what is the upside for his or her employer? Does increasing the perceived value of benefits impact that employee’s engagement or commitment? Does this bring in feeling of attachment? The answer is yes.

To prove this, we asked employees to rate their agreement with a series of attitudinal measures and business outcome statements (see topics below). Then we ran regression models using the attitude measures to see if increasing agreement with the statements would affect the business outcomes. The analysis showed that working on improving these attitudes among employees can drive a 10% or greater increase in business outcomes. For example, we learned that for each notch higher in the agreement that their benefits communication is “effective,” Indian employees show an increase of 15% in terms of commitment to their employer.

ATTITUDE MEASURES LIKE:
- Sense of financial control
- Value placed on benefits offered by employer
- Quality of benefits communication
- Participation in health & wellness programs
- Caring/supportive boss

EMPLOYEE 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.”

EMPLOYEE STATEMENTS CONNECTED TO COMMITMENT:
- “I feel loyal to my employer.”
- “I would take almost any job to keep working for this organization.”
Financial Security is the Employee’s First Priority

Employers who help and guide their employees to improve their overall financial security, not just their pay packet, can reap significant rewards in terms of workplace commitment. Employees who are confident about their families’ security are happier, more productive and committed to their workplace.

When employees ranked their top financial concerns, the highest rated (with 65% agreement) was “having financial security of family in the event of their premature death.” And a glance down the list of commonly cited concerns shows that the desire for financial and family security runs deep among India’s employees.

These concerns include healthcare and ability to provide education – concerns we see widely in other markets, but which in India are more prevalent as the state welfare system is less comprehensive than in markets such as the UK.

Another very critical finding is that nearly 40% of employees spend 55%-70% of their income on essential living expenses. This gap in financial security is one that smart employers can plug for their employees to great effect.

More than half of employees claim to be distracted at work because of financial worries; half have taken time off work to deal with financial problems. Thus, being financially stable is an important factor to avoid financial stress and enhance productivity.

WHAT ARE EMPLOYEES WORRIED ABOUT?

- Family financial security in case of premature death: 65
- Family financial security if main wage earner can’t work: 64
- Family financial security to cover all the extra costs not covered by health insurance: 62
- Having enough money to pay for my children’s education: 61
- Having enough money to buy a home: 60
SO WHAT ARE THE BEST OPPORTUNITIES FOR INCREASING EMPLOYEE FINANCIAL SECURITY?

1. Life insurance – a fundamental need employers may be overlooking

Our India research has revealed several areas where there is a major mismatch between employers’ and employees’ expectations, but none was more stark than provision of life insurance. 30% of employers claim to be offering it as a benefit, while 63% of employees say their employers provide life insurance to them.

The discrepancy may be a result of a difference in perception of what constitutes life cover. Either way, we know that 73% of employees seek life insurance as a key benefit – the number one on their wish list – and 61% of employees would buy life insurance even without any employer contribution.

Interestingly, multinational corporations (MNCs) are 30% more likely to offer life cover than domestic employers – an important consideration for employers worried about brain drain.

There also seems to be a mismatch between the cover actually provided by employers – often the minimum statutory cover for “accidental death benefit” – and what employees expect their families would receive in the event of their death due to any cause. So the research suggests that offering guidance on the types and extent of life cover (see box, How much is enough?) – as well as other financial decisions – could make a big impact.

A lot of the above mismatch could be addressed through appropriate communication.

LIFE COVER: HOW MUCH IS ENOUGH?

Studies have shown that Indians often underestimate the amount of life cover they need. The inadequacy is higher for younger employees. The older cohort clearly has a more finely tuned sense of its own mortality – and more responsibilities.

We’ve found an encouraging percentage of employees have taken advice on what constitutes adequate life cover. But the sources of advice have mostly been family and friends. Employers able to offer tailored guidance – depending on income levels, life stage and responsibilities – will better serve this clear employee need.

There are several simple methods to estimate life cover levels. Four simple rules are:

**Income rule:**
Cover should be between eight and ten times gross annual income.

**Income plus expenses rule:**
Work out five times your gross annual income, then add in expenses like housing, car loans, personal debt and so on – financial commitments that will persist in the event of your passing.

**Premiums as percentage of income rule:**
This rule can help you fine-tune your cash flow, while bearing in mind the broad level of requirement described in the first two rules.

**Capital fund rule:**
How much would you need to meet family expenses from the yield on a capital sum, assuming a realistic, and low-risk rate of return? Your cover should be equal to that capital amount.

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7 Life 2013 – Syndicated in-depth category understanding study on Life Insurance undertaken by Nielsen.
2. Financial planning and tools – enabling employees to make the right investment choices
Most employees do not have significant excess cash or disposable income: our study revealed that only 8% can spare 40% or more earnings into non-essential expenses – including health, savings and investments.”

FINANCIAL PLANNING A HUGE OPPORTUNITY

Only 36% of employees told us they are free of debt obligations. Meanwhile, a worrying four out of ten employees are living paycheck to paycheck.

Clearly there’s an opportunity for employers to help them manage their finances better – especially given the high proportion of employees who are stressed about what might happen to their family or themselves if something unfortunate happened.

Tailoring advice to topics and moments when employees have disposable income – or clear needs – makes it more likely they will take action.

Although about half of the employers (48%) claim they provide financial assistance in the form of information, programs and financial health checks at the time of tax filing, there is scope for connecting to the employee further.

These could be addressed in multiple ways and various modes of reach outs.

Generic financial planning alone won’t help employees concerned about, for example, how to invest a bonus or what changes to make in their financial arrangements when they have a child. Practical tools like a life insurance cover calculator are popular and raise confidence in employees to address their needs.

3. Retirement – helping employees to help themselves
Our study shows that 57% of employees are concerned about not having enough money to live comfortably in retirement (rising to 61% among those over-50) – and 59% worry about health costs in old age. But only 58% are confident of their retirement planning.

Meanwhile, 46% of employees either aren’t saving for old age at all, or are behind on their plans.

Why is this? Employees offered a range of reasons, but the biggest (see table) were fears that funds locked into their pension would prevent them from meeting other emergencies; portability of pension between jobs; and higher return on other investments. So the problem is often the nature of the products on offer and the advice about how they work. Improved communication and better flexibility in the scheme are clear opportunities to improve employee sentiment and sense of security.

Continuous advisory, lifestyle management and do-it-yourself tools are some examples of this.
So the problem is often the nature of the products on offer; and the advice about how they work. Improved communication and better flexibility in the scheme are clear opportunities to improve employee sentiment and sense of security.

Continuous advisory, conditioning workshops, lifestyle management, golden years strategy planning, Do It Yourself tools etc are some examples of this.

EMPLOYEE REASONS FOR NOT CONTRIBUTING MORE TO RETIREMENT

- **22%** I am already saving all I can into the pension
- **24%** Concerns about portability if I change jobs
- **22%** I think I am saving adequately for retirement
- **29%** I have to keep other savings in products that allow me to withdraw, in case other needs arise prior to retirement
4. Voluntary benefits – a vital tool for the most important employees

Although employees prefer a range of benefits to choose from, cost constraints will always limit an HR manager’s options. One solution is to offer voluntary benefits – a bigger range that are funded in part by employees. We found that 83% of employers who run this kind of scheme say that it’s cost-effective.

Although few employees claimed to purchase voluntary benefits today, 64% of them regard such schemes as convenient and time-saving – rising to 74% for top management.

Employees also say they like being able to personalize their benefits packages, a strong pointer for fine-tuning the employee value proposition. And across all employee groups, around half said they were prepared to carry the cost of key benefits like life insurance and health cover.

**TOP PRODUCTS OF INTEREST FOR VOLUNTARY BENEFITS**

Not all voluntary benefits are equally attractive. This strong interest in an employee paid life insurance benefit underscores the high priority employees place on it; a benefit that is often not maximized by employers.

Health coverage ranked highest with life insurance a strong second. We know this is a high priority for employees and a benefit less often maximized by employers. Products to address the retirement savings gap were the third most popular. Interestingly, demand did not fall much, even when we asked whether employees would be happy to bear 100% of the cost, underscoring the strength of their interest.

**TOP VOLUNTARY BENEFITS OF INTEREST AS RATED BY EMPLOYEES**

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<thead>
<tr>
<th>Benefit</th>
<th>Part Payment</th>
<th>Full Payment</th>
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<tbody>
<tr>
<td>Health insurance</td>
<td>71</td>
<td>67</td>
</tr>
<tr>
<td>Life insurance</td>
<td>66</td>
<td>61</td>
</tr>
<tr>
<td>Retirement/Savings plan</td>
<td>64</td>
<td>55</td>
</tr>
<tr>
<td>Accidental insurance</td>
<td>62</td>
<td>54</td>
</tr>
</tbody>
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GLOBAL EMPLOYEE BENEFIT TRENDS STUDY • INDIA
Wellness: The Big Opportunity For Employers

Stress management and employee fitness are no longer “nice to haves.” Engagement and commitment rise when employees are healthy and happy. A structured program to boost employee wellness should also deliver higher productivity.

Employee wellness is a fast-emerging benefit category around the world as organizations seek to address productivity, motivation and work-life balance issues. Stress, the availability of processed foods, more sedentary lifestyles and global competitiveness combine to harm employee health and ability to work.

According to a report published last year by the Associated Chambers of Commerce and Industry of India (ASSOCHAM), the country has seen a considerable increase in heart disease over the past 20 years. And a 2013 study by the Department of Food and Nutrition, Institute of Home Economics at Delhi University warned “India suffers a tremendous loss of productivity due to increased prevalence of cardio-vascular disease.”

Our study confirms these findings.

However, a large portion of employees also seek ‘work-life balance’ and flexibility in working conditions. These help them manage their family lives – and are vital tools in reducing stress that affects their work.

Unsurprisingly, then, 93% of employers with a wellness program say it has a positive impact on the health of participating employees. However, employee interest in wellness programs is far higher than the current provision by employers. We found that more than twice as many employees are keen on wellness offerings and currently receive them in areas such as health information (38% have it available, 81% express a strong interest in receiving it), stress management (31% versus 80%) and nutrition & weight loss counseling (31% versus 76%).

Heart disease and stress, which become more critical factors every year, are the top health concerns echoed by both employees and employers in our study (see chart).

### TOP HEALTH CONCERNS IN THE WORKFORCE

<table>
<thead>
<tr>
<th>Health Concern</th>
<th>Employee (%)</th>
<th>Employer (%)</th>
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<tbody>
<tr>
<td>Heart Disease</td>
<td>38</td>
<td>41</td>
</tr>
<tr>
<td>Stress</td>
<td>32</td>
<td>41</td>
</tr>
<tr>
<td>Diabetes</td>
<td>25</td>
<td>37</td>
</tr>
<tr>
<td>High blood pressure</td>
<td>26</td>
<td>34</td>
</tr>
</tbody>
</table>

- **Employee - Top health concerns**
- **Employer - Top health concerns**
When we asked employees to tell us how interested they were in a range of wellness options not yet offered by their employer, the keenness shown toward ‘work life balance’ and ‘flexible working conditions’ far surpassed several health programs and even financial workshops.

That said employee interests were quite wide ranging with a majority of them showing a high receptivity toward wellness options.

EMPLOYEE INTEREST IN WELLNESS PROGRAMMING

<table>
<thead>
<tr>
<th>Wellness Programming</th>
<th>Extremely/Somewhat interested</th>
<th>Neutral</th>
<th>Not very/Not at All interested</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stress management programs</td>
<td>80%</td>
<td>17%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Flexible working conditions</td>
<td>77%</td>
<td>18%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Health management programs for chronic illnesses</td>
<td>76%</td>
<td>18%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Employee assistance programs</td>
<td>75%</td>
<td>19%</td>
<td>5%</td>
<td>1%</td>
</tr>
</tbody>
</table>
EMPLOYEES PARTICIPATING IN WELLNESS PROGRAMS SHOW HIGHER JOB SATISFACTION & LOYALTY

Wellness delivers huge benefits to both employees and their employers, as the satisfaction among those with existing programs shows. But the evidence also shows that it matters far more in India than in any other country we surveyed as part of the Employee Benefit Trends Study. For employees, this could be because there are fewer government wellness initiatives than in other countries like the UK creating a pent-up demand for structured programs.

That also creates a much bigger opportunity for employers to differentiate themselves from other employers. Our regression analysis showed that participating in wellness was a key driver of commitment. We can see these dramatic results when we compare employees’ responses on job satisfaction & loyalty measures.

WHY WELLNESS MATTERS TO INDIA

![Chart showing job satisfaction and loyalty comparisons between employees participating in wellness programs and those who don’t.]

- I am satisfied with the job that I have now: 64% participate, 44% do not participate.
- My company is a great place to work: 65% participate, 46% do not participate.
- I feel loyal to my employer: 67% participate, 37% do not participate.

- Participates in wellness programs
- Don’t participate in wellness programs
Communication Is Critical To Successful Benefits

Underlying all our other findings is one over-riding prerequisite for driving lasting value from a benefits scheme: good communication. Evidence suggests there’s clear room for improvement, which would deliver tangible returns from both existing and future programs.

Perception gaps between employers and their employees around benefits reduce the ability of a benefits program to deliver its expected advantages to employers. The best way to overcome these gaps is improved communication.

When employers make communication of benefits personally relevant to employees, they improve understanding and the value employees see in their programs.

For example, one of the ways of delivering personalized communication is through financial planning workshops. Our study shows that employees who have participated in these workshops show significantly higher level of understanding of their company’s benefit communication as compared to those who have not participated in financial workshops.

The top three most effective communication tools reported by employers are all tailored - personalized consultation, training and customized booklets. Employees’ preference is for group in-person meetings followed by personalized information and materials.

Delivering that effective, personal communication all year round also has a substantial impact on employee attrition and retention. Technology is increasingly offering employers good options in this area. Intranets and mobile apps create options for highly personalized information, while webinars and social media offer the chance to keep employees up-to-date at all times. SMS messaging also scored highly for employee usefulness.

| EFFECTIVENESS OF BENEFITS COMMUNICATION FELT MOST BY EMPLOYEES PARTICIPATING IN FINANCIAL WORKSHOPS |
|----------------------------------|-------------------------------------------------|-------------------------------------------------|
| EMPLOYEES WHO HAVE PARTICIPATED IN FINANCIAL WORKSHOPS | EMPLOYEES WHO HAVE NOT PARTICIPATED IN FINANCIAL WORKSHOPS |
| Communication materials are easy to understand | 45% | 65% |
| My company’s benefit communication effectively educates me | 42% | 68% |
EFFECTIVENESS OF COMMUNICATION CHANNELS, AS RATED BY EMPLOYERS AND EMPLOYEES

**EMPLOYEES**
- Group in-person meetings: 89%
- Benefit actions sent to employees in response to life events: 87%
- Benefits webinars: 86%

**EMPLOYERS**
- Group in-person meetings: 68%
- Benefit actions sent to employees in response to life events: 63%
- Benefits webinars: 62%
The Multinational Dimension

With the demography and positive environment in India, multinationals are more upbeat about doing business in India. As a consequence, the country is seeing new MNCs showing an interest in starting a venture and existing ones are increasing their numbers in the country. Our survey shows they tend to put greater emphasis on benefits programs – and are rewarded with higher scores from employees across a range of positive indicators. Could this be a critical advantage in the war for Indian talent?

Even before the recent commitment to economic reform in India, multinational corporations (MNCs) were a strong presence, with over 3,250 foreign groups operating in the country and many more planning to invest in Indian operations. These organizations have joined the war for talent and their approach to benefits provision is a critical factor as Indian businesses compete with them for skilled employees.

MNCs and large companies put more emphasis on benefits than smaller firms; their employees generally place more value and importance on benefits. Unsurprisingly then, these companies are rewarded with higher loyalty scores. Their employees also think MNCs are more loyal to them and that they’re a great place to work.

MNCs provide more financial assistance, and their employees claim higher participation in wellness programs (63% across the respondent base, and 75% among directors).

Large organizations generally believe that offering benefits will help in building a caring image. MNCs are also more likely to have a comprehensive benefits package, especially in areas like life and accidental insurances – that we know are particularly attractive to Indian employees – but also pensions, disability cover and financial planning.
But perhaps more importantly, employees across the study assume that larger companies will offer a better benefits package than smaller businesses.

In fact, even large Indian companies are studying the benefit models of MNCs and are either replicating them or improvising them. They see that as an important part of the compensation, especially to draw talent from MNCs.

On the other hand, MNCs are constantly innovating and have the advantage of learnings from their peers in the developed markets. In sharp contrast, small and medium-sized enterprises are a bit slow in this, but have showed interest in the most basic benefits such as health, accidental and life. Using a benefits package to counter the perception that these organizations serve their employees better could be an important factor in the war for talent.
Conclusion

Indian businesses are faced with incredible opportunities. A rapidly growing economy, a young and educated population and intense interest from overseas investors keen to cash in on its success combine to create a vibrant business environment.

These same factors are also changing employee expectations – creating both challenges and opportunities for employers. For example, workplace health and wellbeing need to be addressed to avoid rising demands on skilled workers worsening their stress levels. Ratcheting up salaries becomes expensive, hurts productivity and, in any case, is insufficient to maintain employee commitment.

Employers can solve all these problems by working on a broader employee value proposition – going beyond salary to create an environment that demonstrates care for the employee.

Our study suggests employers will be rewarded by providing:
- A range of benefits (specifically life insurance), to give employees a sense of control.
- Financial planning and wellness programs, to improve employees’ perceptions of their physical, emotional and financial health.
- Voluntary benefits, which work well across the board and especially for top management.

Companies also need to turn to technological solutions – webinars, testimonials, personal stories and social networks – as well as face-to-face interactions to effectively communicate these benefit programs to a young workforce.

The opportunity is clear and the tools to exploit it are available to companies that seek them out.
• **Rethink Benefit Plan Designs to Attract and Retain Talent.** Companies should stay focused on benefits that help them achieve their strategic goals: higher productivity, employee health and staff retention. We learned that a strong benefits and wellness package is a highly effective retention factor for Indian employees – and if they are happy with these programs, they are more committed to their employer.

• **Financial Security Will Win Hearts and Minds.** Many employees suffer financial stress. An enhanced sense of personal financial control – so they don’t worry about the impact on their family of a sudden loss of income, for example – raises their commitment to their employer. Helping them plan their finances and plug gaps in financial protection for them and their families is a must.

• **Wellness Programs Deliver an ROI.** Both employers and employees told us that a workplace wellness strategy is valuable, especially around flexible working and stress management. But relatively few firms in India have one. This creates two opportunities. First, to improve employee engagement and reduce absenteeism from health issues. And second, to differentiate from rivals in the war for talent.

• **Enhance Benefit Communications to Educate Employees.** The study also highlighted discrepancies between benefits being offered and employee participation. It’s clear that 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.
Statement on Methodology:
PNB MetLife India Employee Benefit Trends study was conducted between December’14 – January’15 by Nielsen India, a leading global market research company. Results were obtained through a mix of online and face-to-face interviews. Total sample covered was close to 2,750 for employee and employers.

Demographic Profile of the Employer Sample:
Face-to-face interviews were conducted with 323 employers, all stating that they deal with employee benefits or offer employee policies at their companies. It was a mix of those who provide corporate benefits and those who don’t. Government and public administration organizations were excluded.

Industry
Technology, software (IT)/ ITES 18
Finance, insurance,(BFSI) 15
Construction / Infrastructure 12
Hospitality 11
Professional Service Firms 9
FMCG 9
Hospitals 8
Pharma 7
Manufacturing 5

Company Type
SME (50 to 400 Employees) 50
Medium (400 to 1000 Employees) 16
MNC (100 to 200000 Employees) 18
Large (>1000 Employees) 16

Centers
Delhi 21
Mumbai 23
Chennai 11
Bangalore 25
Kolkata 11
Surat 9

Demographic Profile of the Employee Sample:
A total of 2,432 employee interviews were conducted (mix of online and face-to-face) with full-time employees (69% saying that they receive benefits from their employers). Employees from government and public administration organizations were excluded. Respondents were involved in household financial decisions.

Industry
Technology, software (IT)/ ITES 21
Finance, insurance,(BFSI) 13
FMCG 13
Manufacturing 10
Pharmaceutical/Biotechnology and Life Sciences 8
Construction / Infrastructure 7
Professional Service Firms 5
Hospitality 5
Hospitals 4

Gender
Male 83
Female 17

Level
Middle management 43
Junior management 37
Top management 21

Age
18-30 yrs 27
31-40 yrs 28
41-50 yrs 30
51-60 yrs 14
Notes
About MetLife
MetLife, Inc. (NYSE: MET), through its subsidiaries and affiliates ("MetLife"), is one of the largest life insurance companies in the world. Founded in 1868, MetLife is a global provider of life insurance, annuities, employee benefits and asset management. Serving approximately 100 million customers, and 90 of the FORTUNE 100® as clients, 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.

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)

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