

# The Power of Employee Benefits in a Fast Changing Workplace





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# About MetLife's Global Employee Benefits

MetLife, Inc. (NYSE: MET), through its subsidiaries and affiliates, is one of the world's leading financial services companies providing insurance, annuities, employee benefits and asset management to help its individual and institutional customers navigate their changing world. Founded in 1868, MetLife has operations in more than 40 countries and holds leading market positions in the United States, Japan, Latin America, Asia, Europe and the Middle East. It serves more than 90 of the FORTUNE 100® as clients.

MetLife is a leading provider of innovative employee benefits. It combines local insight and capability with global scale to deliver world-class solutions to companies and their people. With nearly 150 years of operation, MetLife brings both experience and expertise to support its customers.

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 115 countries.

## MetLife UAE

MetLife, a pioneer of life and medical insurance in the UAE, has been helping individuals and businesses with their insurance needs since 1962. MetLife's individual, group, and credit protection products help customers recover from financial loss due to death, disability, accident, sickness, and loss of employment while its individual savings solutions help customers save for education, retirement and other financial goals. Headquartered in Dubai, MetLife supports customers across the Gulf countries where MetLife's solutions are available through agents, brokers, financial institutions and direct to employers.

MetLife was the winner of the *2016 Employee Benefits Provider in the Gulf* by MENA IR. In 2016 it was also the winner of the *Life Insurance Company of the Year in the Middle East & Africa* for the third year running Middle East Insurance Industry Award (MIIA) — and is currently shortlisted for the 2017 award.

## MetLife UAE Employee Benefits

MetLife UAE Employee Benefits provides comprehensive cover including group medical, dental, optical and group life & disability. Through its consultative approach — and backed by its solid financial structure, global expertise and local insights — MetLife helps employers of all sizes establish employee benefits schemes that meet their unique needs. MetLife's solutions are complemented with access to customer-centric service support, access to a dedicated relationship management team — and leading business intelligence tools aimed to provide deeper insights and broader perspectives into benefits strategy.

MetLife has also invested in systems and experts to help identify and eliminate fraud, abuse and overutilization. Enhanced data analytics tools drive ultra-efficient management of claims and enable us to make data-driven recommendations to clients and partners for plan design adjustments and tailored wellness initiatives.

MetLife provides a 360-degree health partnership, covering the full spectrum of health needs of its insured population. Starting from year-round healthy lifestyle education and prevention support, through an extensive regional network of medical providers for episodic and extensive health care, to disease management that aims to improve the wellbeing of members living with chronic diseases.

# Welcome to MetLife's UAE Employee Benefit Trends Study 2017

The MetLife's Employee Benefit Trends Study (EBTS) is now in its 15<sup>th</sup> year, and this is the second report compiled using an extensive survey of both employers and employees in the UAE.

The benefits landscape has changed markedly since our last look at the UAE in 2014. As of 2017, every employee in Dubai and Abu Dhabi — where the majority of workers are expatriates — must have private health insurance; and every employer must offer a scheme.

The government is determined to run one of the world's foremost healthcare systems, building on already excellent facilities that attract patients from around the world. At the same time, the UAE is going through a process of broader change designed to reduce reliance on oil revenues and build sustainable finance for the future.

The reform process is more far-reaching than simple economics, however. The UAE remains high in the rankings for lifestyle diseases, particularly heart conditions and diabetes. Investment in wellness awareness at the state level sits alongside growing private provision of gyms and health clubs — and changing attitudes to smoking and diet.

These factors has resulted in a transition where more targeted government spending and an influx of private insurance providers has led to a standardization of health cover just at a time when employees are becoming more conscious of their health and wellness status.

For employers, this creates an opportunity to attract and retain the best talent using benefits that go above and beyond the mandated provisions.

A well-designed package, including options for employees to design benefits around their own life stages and personal requirements, is looking increasingly effective to drive up employee engagement. Our EBTS demonstrates this not only boosts recruitment and retention of talent, but also raises productivity.

We now see a much broader range of possibilities to win over employees — from providing customized employee benefits to extensive wellness programs, to addressing financial stress in the workplace. Employers delivering this kind of tailored, comprehensive benefits program will stand out as the UAE embraces a more open and global future.

# Market profile

The UAE is a federation of seven Emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain, Ras Al Khaimah and Fujairah. Currently the government is operating to a Medium-Term Fiscal Framework (MTFF), aimed at supporting local and national development plans toward the goals embodied in the strategic plan ‘Vision 2021’. The framework looks explicitly at expenditure needs in critical areas such as education and healthcare.

UAE GDP growth has slowed in the past four years, from 4.7% in 2013 to a forecast 2.5% in 2017<sup>1</sup> — still faster than the US (2.1%) and Eurozone (1.9%).<sup>2</sup> Economic diversification and safe-haven status have strengthened the economy, too. The World Bank concludes that “tight fiscal policy will hold back government expenditure growth while simultaneously developing new revenue sources.”

The UAE is seeing strong growth in its elderly population — life expectancy is up from 52 in 1960 to 77 in 2015, according to the WHO.<sup>3</sup> But it remains high in rankings for lifestyle diseases. Two-thirds of men and 60 percent of women in the UAE are overweight or obese by some estimates; and around one-in-five people have diabetes.

- **Economy:** GDP (purchasing power parity): \$667bn (ranked 33rd in the world). GDP (nominal, 2016): \$375bn.<sup>4</sup>
- **Population:** 9.3 million (2016), growing at 2.47% per year; the UN estimates 88% of the population are immigrants. Median age: 30.3 years.
- **Employment:** 5.2 million (2016) with expatriates accounting for about 85% of the workforce.
- **Healthcare spend:** 3.6% of GDP in 2014, 73% of which is government spending.
- **Insurance:** The UAE Insurance Authority (IA) regulates the industry and has been pursuing a change agenda designed to boost take-up of insurance and cement consumer protections.

## Benefits at a glance

### Health

- The Abu Dhabi market is regulated by HAAD (Health Authority of Abu Dhabi) — which stipulates minimum health insurance benefits are mandatory by law. UAE nationals are covered by Daman, the national health insurance company, through a program called Thiqa that had 773,627 Emiratis registered in 2015, up from 202,870 in 2008.
- The Dubai market is regulated by the Dubai Health Authority (DHA). Citizens are covered by the SAADA insurance program. In November 2013, Dubai passed a law requiring all employers to offer health cover: Isahd (Insurance System for Advancing Healthcare in Dubai) mandates high quality healthcare for nationals, residents and visitors. By the (extended) March 2017 deadline, more than 99% of employers had complied. Coverage for visitors must also be provided by December 31, 2017.
- The other five Emirates are yet to enact mandatory health coverage, but are expected to follow the footpaths of Abu Dhabi and Dubai.

### UAE Nationals — Other Benefits

- Social security contributions to General Pension and Social Security Authority (GPSSA) only apply for UAE nationals: 12.5% by the employer and 5% by the employee.
- Retirement, work related injury, sickness and disability pensions are provided by the state.

### Foreign Nationals — Other Benefits

- Expatriates receive an end of service indemnity, work related injury and sickness compensation as per the UAE labor law. The law does not mandate the government or the employer to provide a retirement plan.

1. World Bank, “Macroeconomics and Fiscal Management Global Practice, and Poverty Global Practice: United Arab Emirates,” October 2016  
 2. The World Bank, “Global Economic Prospects, A fragile Recovery,” June 2017  
 3. World Health Organization, “United Arab Emirates,” July 2017  
 4. Central Intelligence Agency, “The World Factbook: United Arab Emirates,” August 2017



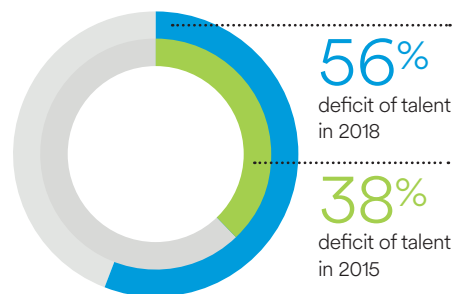
## Workforce trends in the UAE are changing

A shift in the region's economic fortunes and the UAE's own laws on workplace benefits have changed both employer and employee expectations about the workplace. Enhanced employee engagement to drive productivity is now the priority for businesses — and the need for greater security is starting to shape workers' focus, too.

To some extent, the challenges facing UAE employers are very similar to those elsewhere in the world. Tightening revenues and economic sluggishness are making cost control more important than ever. Global competition is putting productivity at the heart of business transformation efforts, and workplace trends such as automation are placing a renewed emphasis in the quality of employee talent that remains.

In the UAE, there are unique factors enhancing these broader trends. The past year has seen a growth in the talent pool as redundancies have kicked in and the flow of expats seeking work in a tax-advantageously environment has increased. That's refocused employers on hiring discipline as they seek precisely the right employees for high-value role.

Will your company be affected by a talent shortage in the next year?



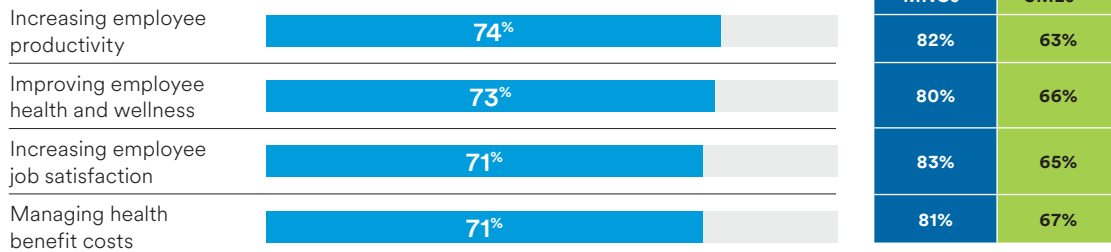
There's a good reason for that, according to research by Hays Worldwide. Despite a less buoyant economy, UAE employers, in aggregate, expect to keep hiring. This results in a higher than usual staff turnover, making the employee value position particularly important.

The Hays report shows that career development and a benefits package are the two most significant reasons for choosing a new employer. As successive MetLife EBTSs have confirmed over the years, among those considering a move only salary beats out benefits as a motivating factor in choosing a new employer.

Employer priority has shifted slightly since the 2014 EBTS. Productivity improvement has become the number one objective, with employee retention slipping a little and health and wellness rising up the list. Note that among locally run employers, cost remains a bigger consideration (in line with the shift in economic fortunes); and health and wellness are also higher in relative terms. In fact, the respondents from Multinational Corporations (MNCs) are more likely to rate all factors more highly — which seems to be a reflection of global pressures on talent retention, cost and productivity as much as local ones.

### Employer focus for the upcoming three-five years

#### Becoming more important



#### Employee benefits trend watch: challenges and opportunities

The proportion of UAE employers who cite “keeping up with industry trends,” as a benefits challenge jumped from 48% in 2014 to 57% in 2017. For “keeping benefits competitive,” the percentage climbed to 56% from 50% in 2014. This indicates a tipping point for using a benefit program as a recruitment, retention and engagement tool.

So what are those trends and where can employers find genuine competitive advantage in their benefits programs? There are three big movements here.

##### In the 2017 EBTS

82%

of employers said providing a wider array of voluntary benefits is a priority (from 74% in 2014) and 82% believe that benefits must be customized to a diverse employee base.

**First, the introduction of mandatory workplace health cover has altered perceptions.** The standard health benefit is now often fairly basic — largely to keep control of costs. That’s opened opportunities to differentiate, not just with enhanced health offerings, but across a range of benefits.

It appears that with a commoditized and basic health benefit guaranteed, employees are looking for refinements to their package — a drive employers are responding to, albeit in ways they hope will be cost-effective.

\* MNCs are defined as multinational corporations headquartered outside of UAE

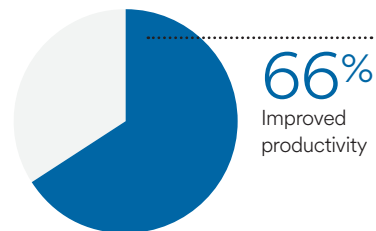
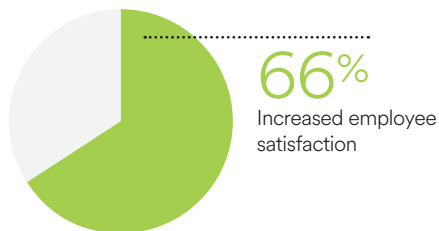
\*\* SMEs are defined as small and medium companies with 4-99 employee lives

**Second, changing demographics.** That's not just about the population preparing for longer life expectancy.

For many employers, the “key talent” they need to retain now includes digital native millennials who are entering management positions. That's driving a demand for smarter, more tailored benefits delivered through digital channels — and using the same technologies these employees use to track their own health and fitness or communicate.

Two-thirds of employers told us that millennials are having an impact on their benefits planning at the workplace. Roughly the same number said a rise in the number of employees taking caregiver roles was shifting their priorities. It's no wonder that adopting more flexible strategies to cater to their diverse and sometimes contradictory forces is becoming more attractive.

### Changes seen in the success of wellness initiatives at companies providing wellness programs



**Third, the widespread acceptance that employee wellness creates value for employers.** In the 2017 EBTS, there is near universal acceptance by employers that their insurance provider should offer information or programs to help employees stay healthy. Three-quarters accept that they have some responsibility for employee health and wellbeing.

Like the other trends, this neatly combines two priorities: being attractive in the war for talent and maximizing productivity. Two-thirds of employers told us wellness programs were delivering on those counts.

We're also seeing a global trend in treating financial security and stress as a wellness issue — and the UAE is no exception: 40% of employees are looking to their employer to achieve financial security through their employee benefits. This is part of a widespread and growing sense that employers must make a contribution beyond simple salary. In 2014, just 39% of UAE employees said benefits

were an important reason for going to work at that organization. In 2017, it was 61%, with a comparable rise in those identifying benefits as a reason to stay with their employer.

### Our conclusion

The prescription is simple: create an environment that offers more than just money to ensure employees are engaged and perform well over the long term.

High salaries remain a great way to recruit and retain employees — but they're expensive and rarely stimulate deeper engagement. Employers can move beyond transactional relationships by offering the right kind of customized benefits built around increasingly diverse employee needs — both differentiating the business and optimizing performance.



# Retaining talent, raising productivity

High staff turnover in UAE businesses — at rates much higher than global averages — is hurting productivity and drawing management time away from critical business issues. Better retention strategies can therefore pay a double dividend: keep down the cost of salaries and management distraction; and leverage retained talent's higher productivity.

One of the most telling findings in this year's EBTS is the discrepancy between employer and employee perceptions of their relationship. That isn't new: in the 2014 research, employers also overstated the levels of employee engagement. But the gap between their views and their employees' has widened. For example, in 2014, 63% of employers and 43% of employees said the company was a great place to work compared to 70% of employers and 37% of employees in 2017.

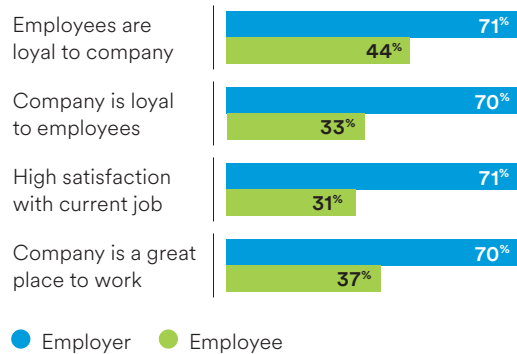
Understanding what makes them less engaged should help employers address dissatisfaction. For example, we found less than 37% of employees believe that their employer creates work/life balance; and only half were convinced they felt physically and mentally able to do their job.

For many employers, the risk is that they only hear that a talented employee is unhappy when they actually leave. In the UAE, that risk is currently much higher than elsewhere in world markets. It's estimated around a quarter of employees globally will be open to changing jobs in 2018 — but in GCC countries, some surveys put that figure as high as 57%.

## Better benefits, better business

A properly tailored benefits program can create a work environment better adapted to the needs of the individual employee and because enhanced employee communication goes hand-in-hand with a smarter benefits program, employers are more likely to detect early signs of dissatisfaction. If there's an ongoing dialogue — about how benefits are being tailored; and what physical, mental and financial

### Workplace perception gaps between employers and employees

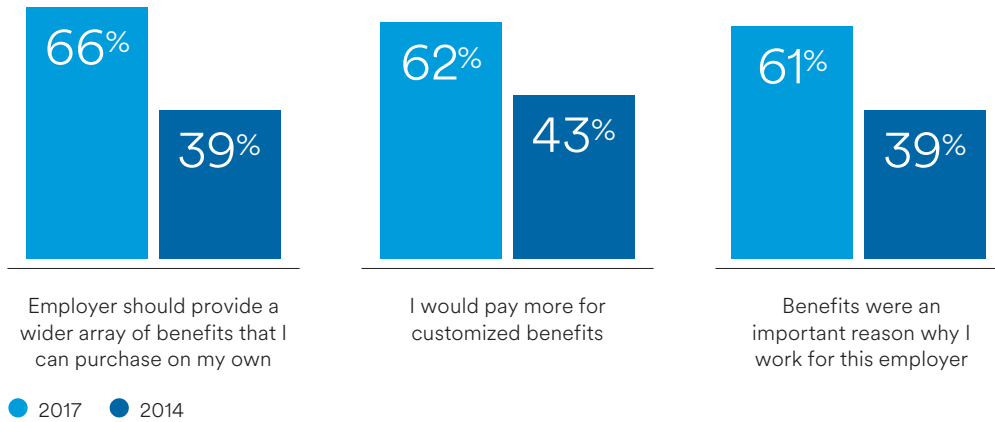


wellness services most suit the employee — it's easier to identify and address low levels of engagement or flight risk.

But this isn't only about talent retention. We see in the UAE the traditional pattern from EBTS research globally: greater employee appreciation of benefits is correlated highly with employee engagement and workability. In the UAE, it's steady at a 12% increase in those metrics for every point higher on valuing benefits.

It's great news, then, that overall employee appreciation of benefits has risen in the latest EBTS. It means employers investing in benefits programs get greater leverage from them in terms of retention and productivity than they might have three years ago.

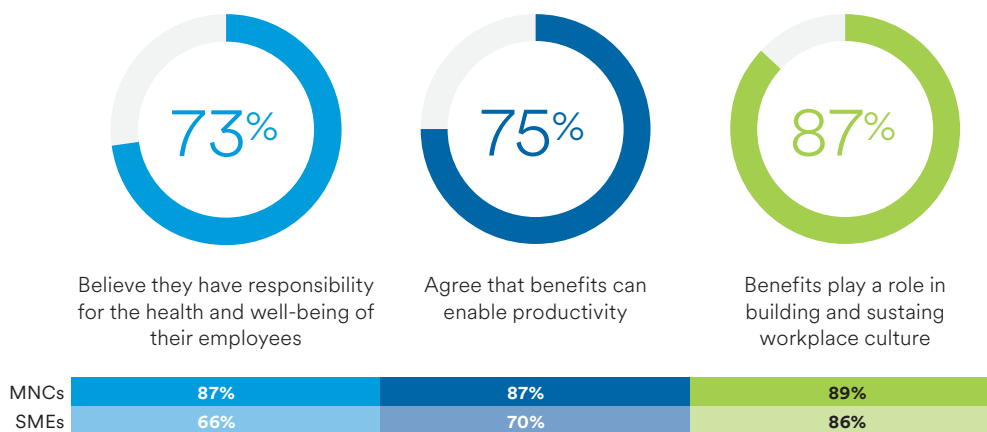
Employee benefits appreciation is on the rise



We have also seen changes around specific drivers, not just a general sense of positivity with benefits programs. For example, an employee’s sense of financial control is now starting to move the needle more clearly in terms of their engagement and productivity. This is one reason that financial wellness (see p. 17) is becoming a factor for employers keen to boost productivity and engagement.

Employers able to use their overall value proposition to offer protection to their employees — reducing stress around financial security, retirement, family security during an illness — stand to gain higher levels of engagement.

For UAE employers, the link between benefits and business drivers is now clear





### Retention: an employer conundrum

On paper, talent management ought to be easy in the UAE. Historically high wages and low taxes, plus recent downsizing, have seen supply outstrip demand in the labor market. That's delivered relatively stagnant wage growth, certainly.

But employee engagement levels have been hit by those same factors. With costs under pressure in areas such as training and benefits, it's possible that the high numbers of employees open to a job change — some surveys suggest as many as 83% of UAE workers are ready to jump ship versus 38% in the 2014 EBTS.

The very forces creating oversupply are also driving disengagement. Rising salaries, the most commonly cited motivation to stay, is expensive. Better benefits, a sense of security, clear routes for advancement, reduced stress and flexible working can all make a bigger long-term difference — and at lower cost. Improving these elements of the employee value proposition is markedly more effective among smaller, local businesses than multinationals. The key is tailoring the approach to employee needs.

Top retention opportunities (among employees who hope to working for a different employer in 2018)

**59%** | of employees hope to change employer in 2018

	...would keep me at my company
Salary increase	71%
Benefits package improvement	47%
Job security improvement	43%



# Empowering employees: the power of choice

Traditional benefits programs can make a huge difference to employee engagement. Increasingly we're seeing employees seeking to tailor their own benefits — as well as leveraging their employers buying power to gain personal and family security at the right price. EBTS suggests the time has come for voluntary benefits\* programs in the UAE.

## Addressing complex employee needs

We've already seen how the diversifying workplace is a growing concern for employers. A benefits package ideally suited to a middle-aged manager might gain much less traction with a millennial engineer. We found 82% of UAE employers placing a priority on providing a wider array of voluntary benefits — with the same number citing customization to address diverse workforce needs.

**65%** of employers agreed strongly that having benefits customized to meet their needs would increase employee loyalty — half of UAE employees also agreed

There is a clear sense that people must take charge of their own destiny and plan more for their own financial security, which is reflected in their increased need for benefit customization. More impressively, 49% (that's 56% of employers at multinationals and 44% at smaller companies) also said an ability to customize benefits to meet their needs was "important" or "very important" — higher even than having flexible working.

It could be argued that the introduction of mandatory health cover has accelerated this tendency by commoditizing a key driver of employee security. We noted that 72% of employees are satisfied with their medical benefits this year, compared to 82% in 2014.

\* Voluntary benefits are optional enhanced or additional benefits available through the employer where the employee pays all or part of the premium

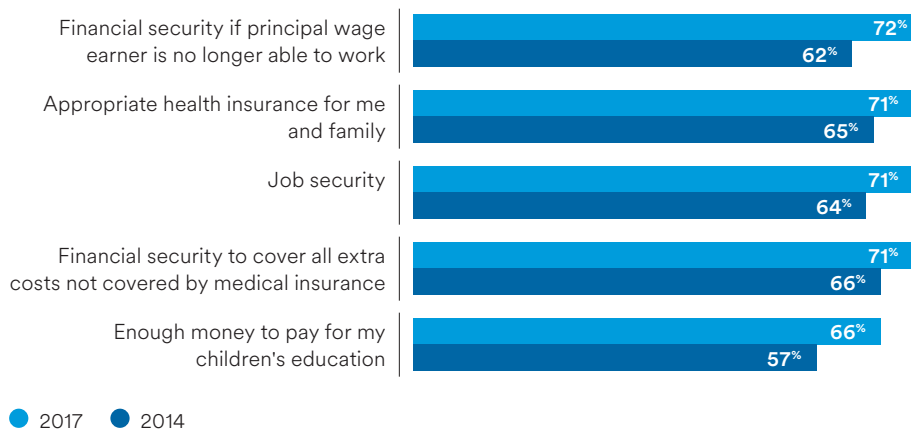
## Optimizing benefits structures to address real concerns

Another advantage of a customizable benefits program is that it creates not only flexibility in the choices for individual employees, but it has the capacity to evolve over time — adapting to changing workplace trends and employee needs.

That's looking more important in an uncertain world, where the changing needs of individual's life stages

are matched by economic and geopolitical upheaval. Employees in the 2017 EBTS are much more likely to cite concerns over providing for their family and children than in the 2014 survey. Common worries such as having health insurance for the family, healthcare in retirement and protecting the family in the event of the income earner's death, have all increased over the past three years

### A rise in employee financial concerns over the past three years



## Closing the benefits gap: a question of targeting

So how can employers help ensure employees feel secure? It starts with a clearer understanding of the needs of employees. Once those diverse needs have been articulated, employers can decide what should form a core part of the benefits offer — and what tailored options might be offered on a voluntary basis. Voluntary benefits — where employees can choose additional benefits, often subsidized through the employer — open the door to this customizable benefits program.

EBTS tells us that employers are generally positive about voluntary benefits: 72% think optional benefits

are a cost-effective way of meeting employees' diverse needs and 74% believe they provide better rates to employees than buying independently outside the workplace.

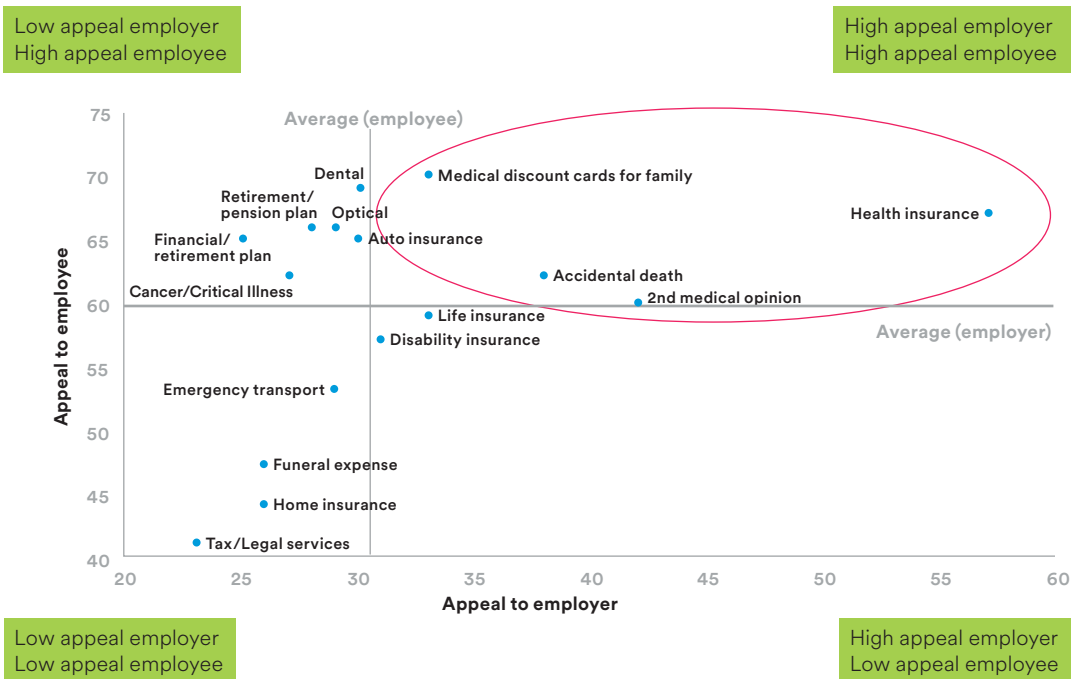
However, it's worth noting that there's a mismatch between employers and employees when it comes to the type of benefits that should be part of a package. Many employers are planning on offering benefits that aren't high up their employees' wish-lists. Relatively speaking, they're ignoring some highly sought-after financial security options that might be a powerful tool in boosting employee engagement.

To understand how employers might optimize their structures, we looked at the benefits most sought after by employees (including paying some or all of the premium, see below market opportunity map) against those most commonly mentioned by employers as potential offerings. This creates a market map — showing areas where employers need to be working to keep up with rivals (the top right) and the kinds of benefits they might not be considering, but which appeal to employees (the top left)

One huge takeaway here is as well as enhanced medical coverage (such as dental and optical) and, financial security is a big deal for employees. Even some of the traditional benefits around medical and life are expressed as financial worries (“taking care of my family in the event of my death”).

The ability to offer benefits that address peace of mind looks to be a huge advantage in today’s workforce.

### Market opportunities map





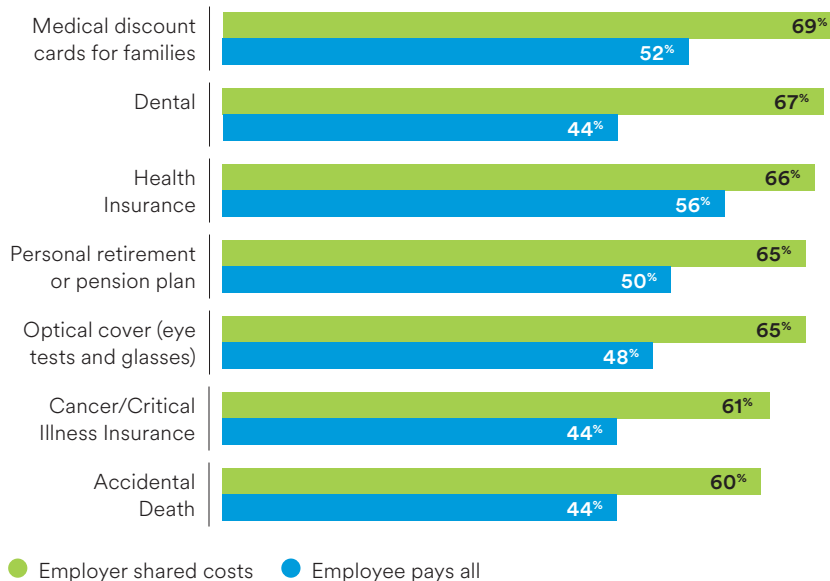
### Sharing costs and benefits

We know from the EBTS research that 79% of employers want to shift costs to employees. The proportion of employees willing to pay to access key benefits has risen, while 62% of employees told us they would agree to pay for benefits customization, against just 43% in 2014.

Demand for “non-standard” benefits did not fall much, even when we asked whether employees

would be happy to bear 100% of the cost (see chart), underscoring the strength of their interest in being willing to bear the cost. This further heightens the needs to address employees’ real concerns. If the customizable program is designed to cut costs as well as engage employees, there is twice the rationale for having selections they will value.

### Employee likelihood of buying additional benefits



# Making wellness work harder

The UAE remains high on global lists for preventable lifestyle illnesses, but that's not the only reason the workplace wellness trend has strengthened. Healthier, less stressed employees offer more at work — and the near-universal deployment of global wellness programs by multinationals in the Emirates has further raised the bar.

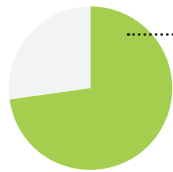
## The wellness train

Back in 2014, the wellness movement was already impressing employers and employees who had invested in it. That trend has accelerated. Today, improving employee health and wellness is cited by 87% of UAE employers as a key reason to offer benefits. More than half of both multinationals and

small companies say they feel a responsibility for their employees' health and well-being.

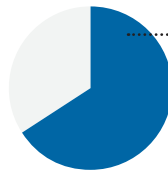
Almost all the multinationals now apply their global wellness strategies in their UAE operations (up from three-quarters in 2014).

### The wellness train shows no sign of slowing



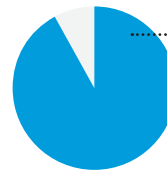
73%

of employers believe their responsibility to ensure health and well-being of employees will increase in the next 3-5 years



66%

of employees who have access to wellness programs take part in them



92%

believe wellness programs have positive impact on health

There is a broad range of opportunities in wellness. But like benefits more generally, the key is to understand the employee population, then target around the high-impact measures — whether they're physical, mental or social programs. Employers

should consider the full spectrum of options, from education and awareness, to prevention and screening, to behavioral change and, as necessary, outright health interventions.

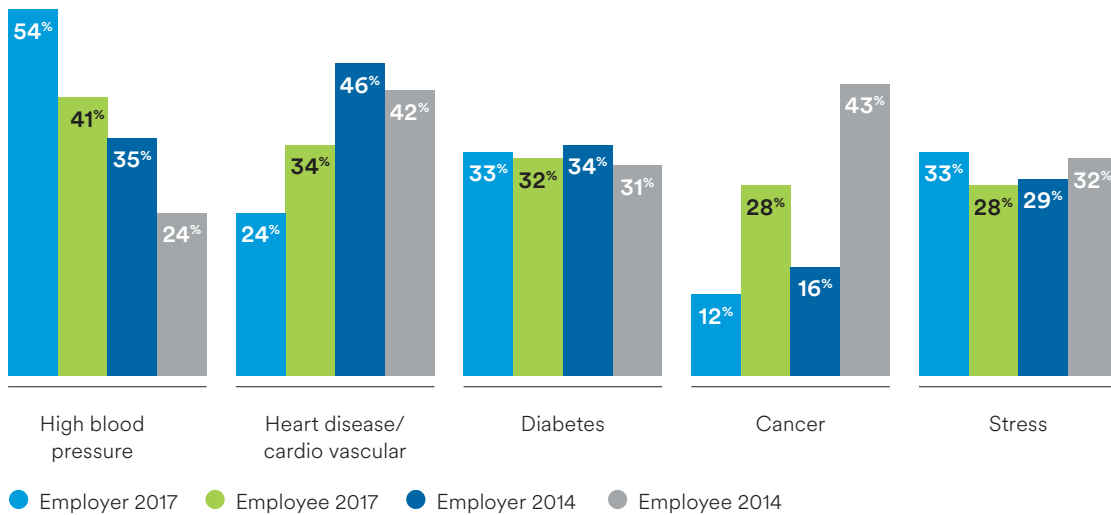


### Targeting wellness

Specific wellness priorities will change over time. In the UAE, we found diabetes concerns were roughly the same as in 2014, while heart disease and cancer

has become less of an issue; and high blood pressure much more of a concern (see chart).

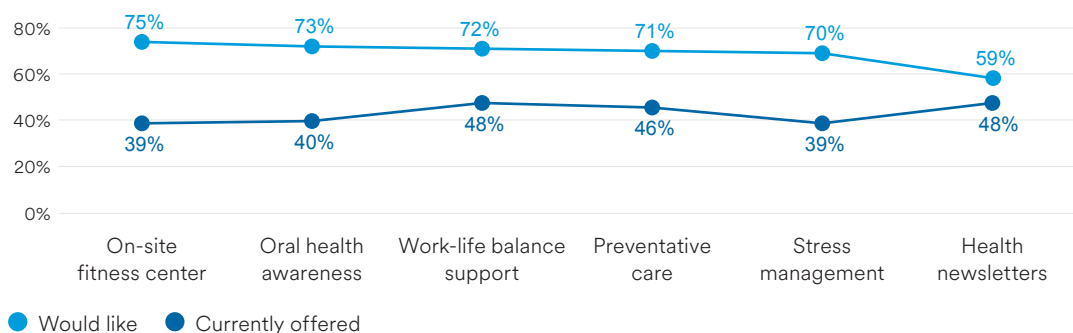
#### Five key health concerns of employers and employees



This suggests that while wellness programs are generally appreciated by employees and considered value for money by employers, a shift in focus to encompass more mental and lifestyle wellness issues is warranted. When we asked employees to tell us how interested they were in a range of wellness options not yet offered by their employer, 'work life balance', 'preventive care', and 'stress management' programs were rated very highly by them.

Yet only 39% of employers offer stress management programs. Offering programs that can facilitate behavioral change, such as incentives to be more active and create flexible work schedules, are popular with employees and come at a relatively low cost.

#### Wellness programs desired by employees



## Wellness: focus and impact

Employers of all sizes face two important issues in the Emirates: controlling escalating healthcare costs and building a healthy and productive workforce. To tackle these issues effectively employers need to place high importance on medical data and analytics when it comes to designing wellness strategy and prioritizing wellness programs.

Our data suggests that two in three employers are claiming that the implementation of wellness initiatives in their enterprise had a direct impact on their employee satisfaction and improvement of employee productivity — however there is still room for improvement, especially amongst smaller companies (see chart)

### Changes attributed by UAE employers wholly or in part to the success of wellness initiatives

	All employers	MNCs	SMEs
Increased employee satisfaction	66%	76%	46%
Improved productivity	66%	77%	53%
Reduced absenteeism	53%	69%	28%
Reduced number of insurance claims	44%	64%	31%

Delivering these improved outcomes becomes much easier when employers are able to leverage medical data and apply sophisticated analytics around their wellness strategy.

That medical data — not just for aggregate populations, but for individuals in the workforce — is becoming more readily available.

One way employers can learn is from tracking consumer movements in areas like wellness. The trend for sophisticated wearable computing with built-in health apps isn't simply about tracking health, wellness and stress — it's also about analyzing data and promoting improved behaviors.

There is also tremendous opportunity for employers to get armed with the “right kind of medical claims data” from their insurers needed to develop targeted wellness programs those with the highest potential for mitigating the right kind of medical cost drivers.

This type of sophisticated data collection allows employers to focus on the kind of tailored and customizable benefits approach that is more effective at driving position metrics from engagement to ROI.

# Financial wellness: a true indicator of engagement

Financial security has long been featured in the EBTS. Two years ago, we saw a tipping point in key markets as employers began to roll out programs specifically to address financial literacy and empowerment. The reason? Employees who feel confident in financial decision-making are happier, more focused and place high value on their benefits. The UAE is catching on.

At its most basic, employment is simply a fair exchange of labor and skills for financial rewards. Today, that financial relationship is becoming more sophisticated. Employers rightly expect employees to bring their whole selves to the job — while employees can benefit not just in terms of salary, but also the chance to use that financial reward more effectively.

Smarter use of money helps employers, too. Year after year, the EBTSs around the world have shown that financial stress — living paycheck to paycheck, meeting bills, being unable to plan for unexpected setbacks or retirement — hurts productivity.

In the 2017 UAE EBTS, we discovered that 64% of employers agree with statements such as “employees want help achieving financial security” and employees are less productive when they worry about personal finance.”

These views are mirrored among many employees.

Only  
**34%** | told us they feel in control of their financial future

Against  
**57%** | who said their long-term finances are very important to them

We have seen a massive jump in the number of employees saying they are distracted at work due to financial worries — from 35% in 2014 to 60% this year (younger workers are more prone to worry, too).

58% say they spend more time thinking about personal finances than they should (up from 47% in 2014). These changes may be in part a consequence of worsening economic sentiment and uncertainty. But they create a real dilemma for employers.



## Financial wellness: a new frontier

A common theme in recent global EBTSs has been the impact of “financial wellness” — employees feeling in *control* over finances; with *capacity* to absorb financial shocks; *confidence* in meeting financial goals; and having the option to make *choices* in their life.

Given the benefits our research has shown around engagement and productivity — as well as creating a nurturing environment for employees — it’s not surprising that 80% of UAE employers now see financial planning services as an important goal, compared to just 67% back in 2014.

MetLife’s recent global paper titled “*The Emerging Practice of Financial Wellness*” summarized four areas for employers to consider:

**Traditional interventions** — such as critical illness cover, subsidized insurance or a pension plan.

**Behavioral economics** — which includes how we structure choices for people and how we ‘nudge’ them into taking better and timelier financial decisions.

**Education** — such as coaching and counselling on budgeting.

**Access to finance** — which might include benefits like employee assistance loans.

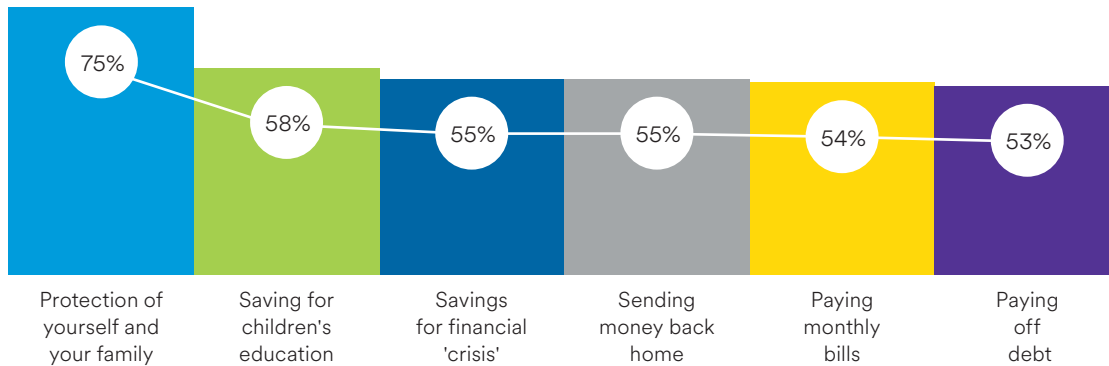
## Benefits to the rescue?

Financial wellness is a fast-maturing discipline. It includes a number of specific interventions types that can be packaged as employee benefits. But it's worth noting that two-thirds of employees already highly value their existing benefits as a means of addressing financial concerns — from health and life cover to retirement planning.

Employers have an opportunity here to layer new approaches to financial wellness onto existing benefits that address, in particular, family financial security.

They must beware. While 70% of employers think they understand employee financial pressures, only 31% of employees agree and 42% of them say that they hope their employer would offer more help in achieving financial security. Positioning existing benefits — particularly enhancements to medical cover — as a means of offsetting financial worry is a sound plan, however there is definitely scope for more proactive measures.

Employee financial priorities over the next five to ten years — another diverse range of drivers creating a challenge for employers



## Soft and hard rationales

Many employers like that “financially well” employees are well cared-for and are making best use of their remuneration. Like mental or physical wellness, equipping employees with financial skills and awareness is a benevolent act that builds a positive culture.

There's a hard rationale, too. Sense of financial control is one of the top indicators of higher employee engagement. A one unit increase in that metric in the EBTS composite (earned when

employees give higher ratings to statements such as “I am confident in my ability to make the right financial decisions”) correlates to a 12% increase in employee engagement.

That's higher than “Satisfaction With Salary” or even “Caring Boss.” The clear link between employee financial control and engagement — which includes statements like “to help this organization succeed, I am willing to work harder than I have to,” — shows why we're making financial wellness a focus this year.

# The value of communication

Even the best benefit program will deliver sub-optimal results if it's not properly communicated. In the UAE, great benefits communications is particularly important in the wake of mandatory workplace health cover — but even more so as firms look to roll out voluntary benefits and new health and financial wellness programs.

Our 2017 data suggests there's still room for improvement. The perception gaps between UAE employers and their employees around benefits communication reduce the ability of a benefits program to deliver its expected advantages to employees.

A supportive work environment, career development and a strong benefit package are all excellent ways of boosting engagement with employees, but it is essential to communicate these clearly in order to maximize the return on investment. In every market we've surveyed, we find satisfaction with benefits rises considerably when a scheme is well communicated.

Across the study, employers seem to offer more benefits and wellness programs than employees think they are being offered. For instance, 57% of employers say they shared health information — while only 28% of employees said they got that kind of guidance from their employer.

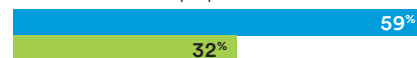
In addition, the mandatory health insurance regulation, has brought a whole new group of employees into the scope of employee sponsored healthcare. To cater to these employees, employers would need to pay special attention to educating

## Differences in perceptions about benefits communications: Employers versus employees

Important to engage employees in benefits all year round, not just at enrollment



Company's communications about benefits effectively educate me on my options



● Employer ● Employee

these individuals with regards to benefits available to them. If employees are unaware of the benefits on offer, or don't know how best to access them, it is not surprising if their attitude toward them (and their employer generally) is lower than it should be.



### Our recommendation for better benefits communication

1. Don't limit to one channel. Employers who report better communications use more methods. Technology offers employers good options in the form of benefits portals, intranets and mobile apps that can be offer highly personalized information and precisely targeted calls to action or illustration. And we know that 70% of employers are looking at developing an app or mobile web site to resonate with their younger employees.
2. Deliver effective communication all year round and not just at the beginning of the year or when a new employee joins the organization.
3. Customize — whether this is an online portal, printed materials or face-to-face advice.
4. Engage frontline managers. Ensure they understand their benefits and can encourage others to utilize them.

# Conclusions and action points

The 2017 Employee Benefit Trends Study suggests that despite a labor market that seems to be favoring employers, it has never been more important to create a supportive, coherent and flexible approach to a rounded employee value proposition.

Insurance, pensions, perks, working conditions, culture, physical well-being, mental health and now financial wellness are all crucial facets of employee engagement that employers can nurture — not merely because it is ‘the right thing to do,’ but because recruiting and retaining the best talent and driving up productivity are well served by these steps.

The evidence is also clear that the UAE is on the brink of a big change in optional and customizable benefits. Increasingly diverse employee needs, greater ability to gather and analyze health and wellness data, and a desire to manage costs without compromising on the ability of a benefits program to differentiate the employer, demand nothing less.

We have five broad recommendations.

## 1 Be ‘a rock’ for your people

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At a time of intense uncertainty — where employees are looking nervously at their job security and financial wellness against a volatile economic, cultural and political backdrop — employers who offer a degree of stability will benefit.

High employee attrition remains a reality. However, many employees will choose to stay with companies offering them the ability to manage their lives better — and manage the risks they feel around them in a less certain world.

## 2 Help employees plan for financial risks

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Offering financial security for employees and their loved ones is a competitive advantage for employers. Given the growing levels of financial insecurity, helping employees address their major cause of stress will pay dividends.

Our EBTS showed that additional health coverage and enhanced provisions for saving/pension plans are important. Additionally, financial education, advice and interventions look like sensible additions to an employer’s all-round financial wellness strategy.

### 3 Personalize and customize – voluntary benefits

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We have found increasing interest in a variety of tailored benefits within the UAE. Fortunately, this has been matched with a growing willingness by employees to fund their own benefits in order to address their unique life goals and situation. Employees understood that voluntary benefits provided at a group level offered them cost competitiveness and convenience for greater health and financial wellbeing.

Delivering flexible, customized benefits at the workplace now seems to be a must-have, rather than a nice-to-have. Customizing a benefits program around the most acute employee needs, and within a more flexible voluntary benefits structure, now looks like a valuable option for employers keen to recruit and retain the best talent.

### 4 Data and analytics are force multipliers for targeted health benefits programs

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We have known for some time that use of digital technology to boost engagement with benefits — and tweaking your approach as new technologies come online — is key to an effective program.

Employers need to place high importance on medical data and analytics when it comes to optimizing their health cover and designing their wellness strategy. We can see huge opportunities for employers in both the traditional areas such as optimizing health cover and in targeting new wellness programs by using smarter data and analytics.

### 5 Deliver an impactful message

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Challenge your insurer to better show employees the unique value that your plan brings by creating personalized communications. According to our EBTS data, enlightened employers know that a mix of communication tools is most effective, and that 'once and done' is not enough. Employers that do a good job of getting employees to appreciate and access their benefits see greater positive effects. They make good use of both digital and face-to-face communications and adjust their approach as new technologies come online and in line with employee feedback. Personalization and easy access to the plan could also be achieved through digital capabilities.

# Methodology

The MetLife UAE Employee Benefit Trends Study was conducted in July 2017 through online and face to face Interviews about attitudes, options and current practices in benefits.

## Demographic Profile of the Employer Sample

Interviews were conducted with 315 employers, all stating that they are aware of at least one insurance company that offers employee benefits. Eligible respondents were those dealing with employee benefits in companies with 4+ employees. Government and public administration organizations were excluded.

## Employers

# of Employees in UAE	2017	Countries with operations	
4-49	17%	Local (based only in UAE)	49%
50-499	50%	Regional (1+ countries in MEA)	32%
500+	33%	MNCs	20%

Industry	2017	City currently work	2017
Heavy industry	29%	Dubai	47%
Sales & trade	50%	Abu Dhabi	33%
Professional services	21%	Sharjah	14%
other	0%	Ajman	3%
		Al Ain	2%
		Other	0%

Department	2017	Gender	2017
Purchasing/procurement	8%	Male	82%
Finance/accounting	24%	Female	18%
Corporate	32%		
IT	2%		
Payroll	2%		
Human resources	29%		
Other	2%		

Location of company headquarters*	2017	Age	2017
In UAE	47%	18-34	18%
In the Gulf	9%	35-44	28%
In MEA, outside Gulf	41%	45-54	14%
Outside MEA	3%	55+	3%
		Refusal	38%



## Demographic Profile of the Employee Sample

A total of 300 interviews were conducted with full-time employees in companies with 4+ employees. Employees from government and public administration organizations were excluded. Respondents had to have some responsibility for household insurance or financial decisions.

## Employees

# of Employees in UAE	2017	Gender	2017
4-49	21%	Male	70%
50-499	42%	Female	30%
500+	37%		
Industry	2017	Age	2017
Heavy industry	33%	18-30	31%
Sales & trade	41%	31-40	49%
Professional services	26%	41-50	14%
Other	0%	51-60	6%
		61-70	0%
Ops in 3+ countries	2017	Education	2017
Yes	39%	Secondary school	0%
		Some university courses	10%
Years with current employer	2017	University degree (Bachelors)	68%
<1 year – 5 years	64%	Post-graduate degree (Master or PHD)	21%
6-15 years	31%	Occupation	2017
16+ years	5%	Executive	16%
City	2017	Manager of a company	7%
Dubai	48%	Director	9%
Abu Dhabi	29%	Manager of a division	35%
Sharjah	14%	Operator/laborer	7%
Ajman	5%	Salesman	3%
Al Fujairah	2%	Assistant/analyst/coordinator	23%
Ras El Khaimah	2%		

## 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 11 additional markets since 2013, 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); 2015 (United Kingdom, India, China, Egypt); and 2017 (Australia, United Kingdom, Greece).

### **For additional information, visit us online:**

MetLife UAE: [www.metlife.ae](http://www.metlife.ae)

MetLife Global Benefit Trends: [benefittrends.metlife.com](http://benefittrends.metlife.com)

MAXIS GBN: [www.maxis-gbn.com](http://www.maxis-gbn.com)

## About MetLife

MetLife, Inc. (NYSE: MET), through its subsidiaries and affiliates, is one of the world's leading financial services companies providing insurance, annuities, employee benefits and asset management to help its individual and institutional customers navigate their changing world. Founded in 1868, MetLife has operations in more than 40 countries and holds leading market positions in the United States, Japan, Latin America, Asia, Europe and the Middle East.