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**EFFECTS OF EMPLOYMENT BENEFITS ON PRODUCTIVITY  
OF EMPLOYEES IN ESTONIA**

Bachelor's thesis

Programme TVTB, specialisation Entrepreneurship and Management

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I hereby declare that I have compiled the thesis independently and all works, important standpoints and data by other authors have been properly referenced and the same paper has not been previously presented for grading.

The document length is 10,441 words from the introduction to the end of the conclusion.

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## **ABSTRACT**

The provision of benefits to employees has emerged over the years as a key practice by organisations to make employees happy and keep them motivated. This is normally expected to increase productivity. Many employers publicise the benefits they offer in an attempt to position themselves as a choice workplace and to attract top talents. It appears there might be a relationship between employee loyalty, welfare and productivity. This study aims to analyse the possibility of benefits affecting productivity within companies in Estonia, from perspectives of both the employers and employees. It also explored the various benefits offered in Estonian companies, analysed how some factors such as age and gender affect the types of employment benefits that employees prioritise and sought from the standpoint of both employees and employers, ways by which productivity can be improved.

The study used mixed methods. Based on the findings, the study concludes that most employees believe that some benefits positively affect their productivity. While employers agree with this, they however believe that these positive effects are short-lived and that long term effects are influenced by other factors. They agree that benefits have a stronger effect on loyalty and satisfaction, and these may ultimately lead to higher productivity and lower employee turnover. Also, it uncovered that age (or generally, phase of life) is an important factor in the types of benefits individuals prioritise. Gender has a weaker effect on this. Benefits cannot always stand alone when it comes to improving productivity. It must work in conjunction with other factors.

The author therefore recommends, among other things, that employers conduct regular surveys to gain knowledge of employees' perspectives of the benefits offered and to ensure that their expectations align to some extent. This would enable companies identify factors to invest more in, if productivity improvement is the goal.

Keywords: benefits, productivity, employers, employees.

## INTRODUCTION

‘The Great Resignation’, a term coined by Anthony Klotz, explains how at the beginning of 2021, multitudes of people resigned from their jobs mainly because there had been changes in their lifestyle and job-related choices as a result of work-from-home; and that lots of employees would still resign (Anderson et al., 2021). Some of these changes include the preference to continue working from home or to return to the office (while being forced to be home). It also includes changes in the types of benefits they now look for in jobs. Workers now pay extra attention to areas like healthy family life, mental health, sense of value from employers, and so on, so there is less focus on productivity. Those who do not resign outrightly might no longer be fully invested in their current jobs, hence, reduction in productivity.

There was a sharp decrease in productivity in Estonia from 126.30 points in the second quarter of 2021 (which was an all-time high) to 114.90 points in the third quarter (Trading Economics, 2022). According to a 2017 Glassdoor survey, 66 % of 1,077 of fully employed U.S. adults say they would be better employees if they got more sleep (which translates to better work-life balance), especially those ages 18-44 (73 percent) (Glassdoor, 2017). It appears there might be a relationship between employee welfare and productivity. Hence, the need to study how one affects the other.

Employment benefits, which are the non-wage incentives put in place by firms (Beam, 2001) is now of utmost importance. The COVID-19 pandemic has created an unprecedented situation which will define the future of work. Because of this it is important now, more than ever, to know what efforts employers are making to attract and retain talents, boost their motivation and increase productivity. It is important to understand how employers can get the most of their employees.

The interest of the author is to investigate what benefits exist currently in Estonian firms, discover if new ones have resulted as a result of the pandemic and analyse the perceived effects of those benefits on productivity.

This study aims to analyse the possibility of benefits affecting productivity within companies in Estonia, from perspectives of both the employers and employees. It explores the already existing benefits available and employees perceived effect of these on their productivity. Additionally, it identifies other areas worth paying attention to by employers in order to improve productivity. To achieve this aim, the researcher presents three research questions for the study:

1. What are the effects of the existing benefits on employee productivity?
2. Which of the existing benefits should be prioritised by employers?
3. Which new schemes can be introduced to increase employee productivity and commitment?

The knowledge gained from the study will give companies an idea of employees' perspectives on the benefits provided and whether or not these affect their productivity in any way. It will also help them identify which benefits are preferred so that the companies can save cost on by dropping them. Furthermore, the results will give an insight into employees' possible solutions to improve productivity from both employers and employees point of view.

The study's theoretical background was developed through scientific articles and books. Also, the author conducted the research using the mixed methods. The findings of the study were gathered using both quantitative and qualitative research methods. A survey was conducted using Google Forms which a total of 150 respondents as well as interview sessions with managers (two Human Resources managers, one senior level manager and two mid-level managers) from five Estonian companies of the following industries- finance, telecommunication, logistics, IT and manufacturing. The findings and conclusions were reported at the end of the study.

The thesis is divided into three main chapters. The first chapter focuses on the theoretical background. Existing situations and theories on benefits and productivity are chosen as relevant topics. Second chapter focuses on the research methodology and its structure. The third chapter presents the results, findings, discussion of findings, and suggestions. Lastly, the author presents the conclusions of the research followed by a list of references and appendices.

# 1. THEORETICAL BACKGROUND

## 1.1 Employee benefits

The provision of benefits to employees has emerged over the years as a key practice by organisations to make employees happy and keep them motivated. Many employers publicise the benefits they offer in an attempt to position themselves as a choice workplace and to attract top talents. It is common to see a “what we offer” section in many job ads, where employers boast of an array of offerings - commonly workplace benefits - meant to serve as a selling point for why potential employers should choose them over competitors.

The term “future of work” has been used in many spheres recently to capture the ever-changing landscape of the corporate world and the evolution of the workplace. Of the many changes that the workplace has seen in recent years, one of the most prominent and far-reaching is employee expectations. Especially with the global challenges faced in recent times, work is no longer perceived as a place to merely earn a living, rather many employees now seek out employers who prioritise the wellbeing of their workforce among other things. This also means that employee expectations are constantly evolving.

Over the years, traditional approaches to motivating employees have given way to more transformative approaches. In their global human capital trends report, Deloitte (2020) explained that organisations face a huge challenge in defining their compensation strategies to catch up with the rapidly changing expectations of employees around the globe, and that in order to effectively do this, there needed to be a shift in focus from viewing compensation as a means to talent acquisition and retention, to leveraging it as a means of adapting to the evolving landscape of the workplace. In the same report of the following year, Deloitte (2021) submitted that in order to build an environment where workers could perform at their best, organisations were rethinking their compensation strategies. However, the report also revealed that employee wellbeing was higher on the priority list for workers’ than it was for business executives.

Studies show that for 60% of employees, benefits influence their decisions when considering a job offer and 80% of employees prefer additional benefits over a pay raise (Glassdoor, 2015). In another study conducted in 2020 where over 5,000 employees across Europe were surveyed to find out what benefits they considered most important and were likely to change jobs for, it was

discovered that bonus & profit sharing, flexibility, pension, healthcare and work-life balance ranked highly among respondents across every country (Figure 1).

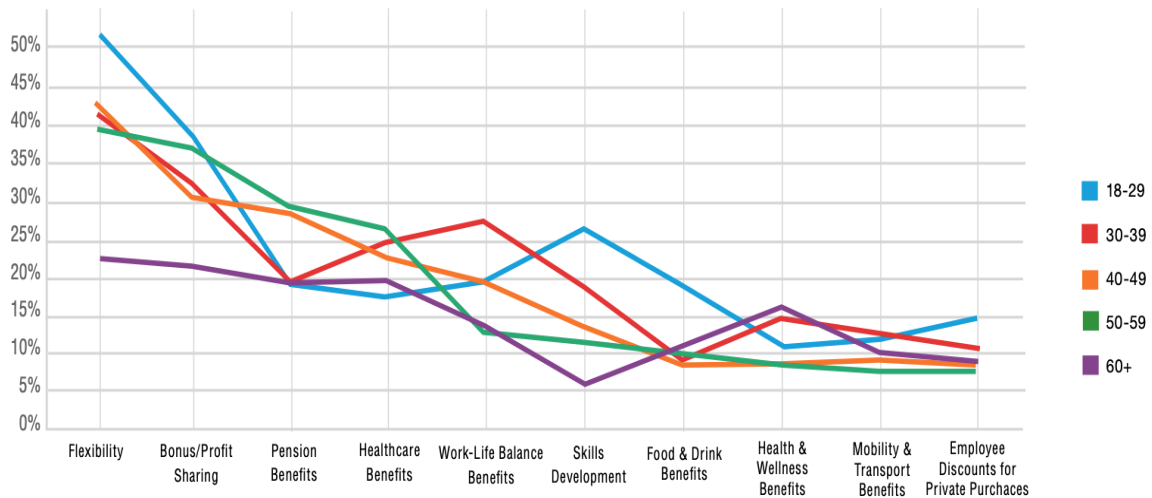


Figure 1. Benefits Desired by Employees (by age groups)  
 Source: The Benefits & Engagement Report by Benify (2020)

A survey of 698 companies and 6.6 million employees (Willis Towers Watson, 2019) showed that employers are beginning to prioritise employee wellbeing now, more than ever before and in fact, for many companies, it has been their biggest area of focus in recent times. The survey found that less than one-third of the companies who responded to the survey are confident of their benefits strategy, with only a quarter able to recommend their company as a choice workplace based on the benefits they offer. This highlights the self-evaluation of employers with respect to their understanding of the importance of benefits to the working population, as more than two-thirds of employers’ plan to improve their benefit packages to match employee expectations and market norms.

A 2015 survey of US employees revealed that four out of every five employees – especially younger employees and employees with younger children - prefer additional benefits such as healthcare insurance, paid time off/sick days, performance bonus, employee development programs and childcare assistance over pay increase (Glassdoor, 2015).

Additionally, many other studies investigating the benefits that are highly desirable by employees have arrived at similar findings. Zenefit (2022) lists better healthcare, mental health provisions and flexible schedules as some of the top benefits employees are seeing in 2022. A study by Harvard Business Review (2017) revealed that better health, more flexible hours and more vacation time are highly desired by employee.



### **1.1.1 Employee benefits globally**

The result of a 2020 survey by Pacific Prime shows a trend in the benefits employees currently prioritized around the world. At the top of this list of priorities are health insurance coverage, technology adoption, mental health benefits, family-friendly benefits, flexible working arrangements and financial wellbeing (Pacific Prime, 2020). Zenefits, a leading human resource technology company published an analysis of workplace benefits around the world. According to the report, some of the companies who made the ‘100 best companies to work for in 2020’ list offer a wide variety of benefits, ranging from on-site medical care to full coverage of healthcare expenses (Zenefits, 2021). The report also ranked countries on the array of benefits provided to employees, such as healthcare, retirement, paid time off, paid leaves and work-life balance. Of the top 10 countries from this ranking, it is noteworthy that the first eight are European countries, with Canada coming in at 9<sup>th</sup> and Japan 10<sup>th</sup>. This is an indication that workplace benefits are more generous in Europe than it is in the rest of the world and is likely a consequence of better legislation around the subject matter. This is corroborated by Glassdoor’s 2016 research on social benefits across European countries. The research described Europe as “an experimental laboratory for workplace policies” (Glassdoor, 2016, p. 2), alluding to the continent’s more magnanimous and progressive approach to workplace benefits in comparison to countries like the US.

Denmark ranks first in many reports as the country with the best benefits, with 37 hours work week and weekly overtime capped at 48 hours (Vacation Tracker, 2021). Additionally, employees who have worked for their employers for one year get five weeks of paid holiday. The country also offers generous unemployment benefits, where those out of work get up to 90% of their previous salary for up to 104 weeks (Glassdoor, 2016). Other benefits include parental leaves, childcare benefits and flexible work schedules.

In Germany, the weekly working hours is capped at 48 hours and although the law stipulates an annual leave length of 24 working days, many employers offer 30 working days of annual leave (Vacation Tracker, 2021). Health and unemployment insurance covers are part of a mandatory Social Security System. In Netherlands, employees get a benefits budget, which can be cashed out or used to “purchase” additional vacation days (Benify, 2020a) and up to 104 weeks of paid sick leave where they are paid 70% of their salary (Glassdoor, 2016). The Dutch social security system also ensures that every Dutch citizen who has lived in the country for a minimum of 5 years before reaching the retirement age is entitled to a state pension (Vacation Tracker, 2021).

In Finland and Sweden, employees enjoy wellness & culture allowances. In Finland, there are rental apartment benefits, where employees can pay their rents via deductions from their salary (Benify, 2020a). New fathers also get 45 working days paternity leave (Glassdoor, 2016). Countries like Switzerland, Liechtenstein, Norway, Australia and Luxembourg stand out for the length of paid sick leaves, while UK, Lithuania and Estonia are among the countries offering the longest paid annual leaves, each offering 28 days (Global People Strategist, 2021).

Outside Europe, in Nigeria — companies provide a generator allowance for employees to subsidise costs for purchasing power generating sets for power outages. In Russia, employees get interest-free loans for car purchases. In Argentina and Colombia and Mexico, some employers provide a partial tuition reimbursement benefit towards employees' academic studies (Benify, 2020a).

It is clear that the range of benefits offered by countries in different countries is driven by what is culturally valued or important to employees in that particular region. However, there are no clear-cut ways of defining which countries have the overall best employee benefits. Some countries rank high in providing a particular benefit but low in other benefits. Estonia, for example ranks very high in parental leave but quite low in actual wages but US is one of the lowest ranked for leave benefits while Estonia is in the average category (The One Brief, n.d.).

### **1.1.2 Employee benefits in Estonia**

Apart from statutory benefits which are mandated by law, many companies go the extra mile by providing additional benefits. Some mandatory benefits which employees are provided with in Estonia are (Papayaglobal, 2021)

1. Paid Time Off: Employee standard paid annual leave is 28 calendar days according to law but could be extended based on the company rules, position of employee or contractual agreement between employer and employee. As stated by law, the leave is also longer for government officials, who are entitled to 35 days research and academic staff who are entitled to 56 days.
2. Sick days: Employees are entitled to 182 calendar days. They receive payment in the amount of 70% of their previous year's average salary. Employer is responsible for this payment until the 9<sup>th</sup> day, excess of which health insurance covers.
3. Maternity leave: While pregnant, employees are entitled to 140 calendar days fully paid maternity leave based on their previous year's average salary. For employees who did not

work in the previous year but work before a child's birth, minimum wage is paid. Upon the birth of a child, a 320EUR allowance is paid, 1000EUR in the case of triplets.

4. Paternity leave: Fathers are entitled to 10 days leave within two months until due date and two months fully paid leave after birth but payment's maximum is three times minimum wage.
5. Parental leave: this is a paid leave for 435 days which can be taken by one parent until child reaches the age of 3. Estonia also ranks highest in the world for this leave (Chzhen et al., 2019).

Other types of leaves include childcare leave, adopter's leave and study leave.

Estonian companies that provide additional non-mandatory benefits are mostly start-ups and international financial and IT companies. These Benefits may include additional paid leave, car allowance, gym memberships, share options, 13<sup>th</sup> salary (or annual bonuses) and private health insurance (Republic of Estonia E-residency, 2021).

## **1.2 Employee productivity and measurement**

Maximising productivity is usually a priority for most organisations, as it indicates how well resources are being utilised to generate outputs. Increased productivity can give companies a competitive edge because when fewer resources are required to produce the same quantity of output, lower prices can be charged, or when the same resources are used to produce higher output, revenue is increased (Mathis & Jackson, 2010).

There are indications suggesting that a degree of confusion exists when it comes to understanding and distinguishing between performance and productivity, with both terms often used interchangeably. Performance is interpreted as the ability of employees to deliver to certain standards or expectations while productivity is generally perceived as the amount of output produced per unit input, or the amount of work completed over a given amount of time. Mathis & Jackson, (2010, p. 9) define productivity as a "measure of the quantity and quality of work done, considering the cost of the resources used". According to SPRING Singapore (2011), it is a measure of how effectively and efficiently an organisation converts resources into output. In business terms, productivity measures not only the amount of work completed, but also the quality of that work as well as its relevance to organizational objectives (WorkTango, 2019).

Productivity measurement is a crucial part of any business. It is a management tool necessary for monitoring and assessing business operations (Singh et al., 2000). Without productivity measurement, it is almost impossible for a business to evaluate its growth or how efficiently it has used its resources. There are several approaches to measuring productivity; a total of 38 identified between 1955 and 2020 (Günter & Gopp, 2021).

One of the foundational methods of productivity measurement was proposed by Frederick Taylor. He proposed that performance would be more efficiently measured if time and motion are undertaken (Taylor, 1911). This was criticised for its usability only in factory operations where outputs are quantifiable. Due to the range of non-mechanical tasks, including intellectual, service and 'white-collar' jobs undertaken in workplaces, measurement became more complex, because outputs are not traditionally quantifiable especially as productivity became realised to depend of several factors such as physical and social environment (Duffy, 1998). One approach that has been utilised is the self-assessment approach, which is a process whereby employees systematically observe and assess their own actions and results (Haynes, 2007). Ray & Sahu (1988) proposed the operations-based productivity measure for routine jobs and non-routine white-collar jobs by classifying jobs based on identified special characteristics, developing measures of the identified characteristics by describing the relationship of the characteristics to performance of functions and finally developing appropriate productivity measurement and evaluation models.

It appears different industries have different methods of measuring their productivity. There are broadly three approaches to productivity measurement- Index measurement, Linear programming and Econometric models (Singh et al., 2000). Although, all philosophically divergent approaches, they are complementary to each other. One of the most common productivity measures in the index measurement category is Total-Factor Productivity. It measures the ratio of aggregate output to aggregate input (Sickles & Zeleniuk, 2019). Over the years, this name has been criticised because the word 'total' suggests that all inputs are measured whereas, some inputs such as energy or external cost such as public infrastructure are usually not considered when measuring. It was later more appropriately called multi-factor productivity (Hulten et al., 2001).

There are no universally accepted means of productivity measurement hence is important for businesses to know recognise the most appropriate approach for them by identifying methods that suit their business needs and operations (Haynes, 2007).

### **1.3 Employee benefits, motivation and productivity**

There have been several studies (Kamau, 2013; Kang et al., 2016; Oswald et al., 2015) exploring the relationship between rewards and employee productivity, with most studies suggesting a positive relationship. However, it is important to note that while rewards are conditional, benefits are usually not. It is therefore worth contemplating that the success of rewards in driving increased productivity could be related to its conditional nature (i.e., rewards are only realised when agreed levels of productivity are achieved). Since benefits are not conditional in nature (i.e., they are realised regardless of productivity levels), it would be interesting to examine whether they influence productivity in a similar manner.

Surveys have shown that while increasing income and attractive working conditions are employee priorities, employers on the other hand are constantly concerned with cost reduction and expansion of the bottom line (Milkovich & Newman, 2004). Provision of benefits certainly increase costs and therefore, in order to make a business case for employee benefits, it is important to establish the accompanying upsides.

Motivation, which is the way an individual is inspired to behave in a desired manner with the expectation of some positive rewards or to satisfy needs has been studied extensively. One of such studies revealed that when motivating employees, there are different factors to consider: some monetary and others are nonmonetary like recognition and challenging jobs (Bawa, 2017). If employees are aware that their efforts will be rewarded, they increase their efforts to receive such rewards. Taking from a study conducted with some library staff, some strategies for increasing motivation includes job enrichment (this is concerned with the satisfaction derived from the job itself which makes self-motivating), merit pay (including wages and additional monetary gains) and flexible working hours (Ugah, 2008). When employees are surrounded by factors causing them to be motivated to do better jobs, increased productivity can be expected

It is widely believed that one of the ways by which organisations can drive employee loyalty is by focusing on employee happiness and satisfaction, and while the links between rewards and productivity have been extensively studied, the same cannot be said for benefits. The few studies that have been conducted focus on specific benefits, rather than on benefits as a whole (Kang et al., 2016). The results have been inconclusive however, with some studies revealing that employee stock ownership plan improved productivity (Hoffmire et al., 2013; Sesil & Yu Peng Lin, 2011) while others found that stock ownership must be supported with other factors if it must be effective

(Pendleton & Robinson, 2010). Other studies found that flexible work schedules brought about increased employee effectiveness and productivity (Boltz et al., 2020; “Flexible Working” 2008).

In a study focused on understanding how to enhance long-term employee productivity (Westover et al., 2010), the authors examined various model categories of employee motivation approaches, one of which is the need theory, based on Maslow’s hierarchy of needs. It explains that the more a job enables an employee to meet their personal needs, the more likely they are to be satisfied and consequently motivated (George & Jones, 2008). It has been established that job dissatisfaction leads to increased turnover, which by implication bears negatively on productivity (Ton & Huckman, 2008). Karr (1999) suggests that organisations who are able to provide such benefits that helps employees fulfil their needs are more likely to have more satisfied employees and Kamau (2013) concluded that the provision of health and retirement benefits had a positive influence on productivity. Oswald et al. (2015) found relations between employee well-being and company performance and submitted that happy employees are 12% more productive.

If the aim of organisations who provide benefits to their employees is to have happier, more satisfied employees, then there is an indication that such employees may end up more productive as well. Studies suggest that benefits like health insurance can reduce employee turnover by up to 25 % (Madrian, 1994) and that employee wellbeing initiatives improves employee productivity, retention, and reduces sickness absence rates (Willis Towers Watson, 2019). Kang et al. (2016) found that employee benefits had a direct impact on employee productivity, with the impact stronger in the manufacturing industry. According to their study, a unit increase in employee benefits increased productivity by roughly 8%. A survey showed that employees are more engaged when they are satisfied with their workplace benefits (Figure 2).

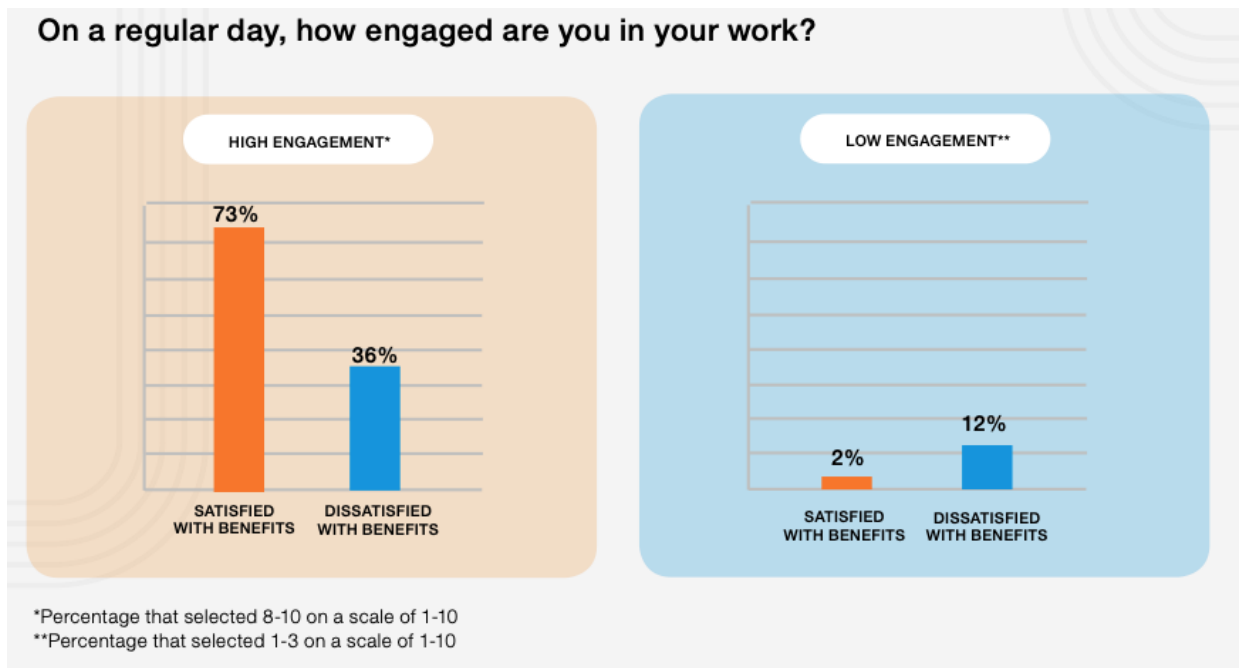


Figure 2. Employee benefits satisfaction and engagement  
 Source: Benefits & Engagement Report (Benify, 2020)

## 1.4 The Great Resignation

This term was coined by Anthony Klotz in 2020. It describes the economic trend where great number of resignations occurred beginning early into 2021. Mission Square Research Institute (2021) found that 52% of US workers in the state and local sectors considered voluntary resignation due to COVID-19 to either change jobs or retire. US Bureau of Labour Statistics (2022) has a record of 4 million resignations happened mid-2021, reaching a peak in April of the same year and have remained high several months after. Microsoft (2021) reported that 73% of respondents in their cross-market survey want flexible remote work options.

This is not happening only in the US. In Europe, Personio (2021) conducted an extensive survey in June 2021 in the Netherlands and found that 46% of workers intended to resign within the following twelve months. In Germany, the IAB's labour shortage index shows that difficulties in filling vacancies increased significantly from September 2020. COVID related resignation was also high in Germany 6%, 4.7% in the UK, 2.9% in the Netherlands and 2.3% in France (Ghiciuc, 2021).

There have been some postulations about the causes of the "great resignation". The common underlying issue appears to be that employees' priorities have changed. They now purposefully search for things that add true meaning (or value) to them, which could be a different job, an altogether new career or a new lifestyle. Companies that never would have allowed remote work

had no choice. People experienced remote work and according to statistics, a high number of them preferred to continue with it, mostly due to the flexibility and freedom it affords them, especially working parents and carers. Close to this category are those who did not mind going to the office, given every of their colleagues are fully vaccinated. On the other end of the spectrum are those who wanted to return the office as soon as possible. Harvard Business School's (2021) survey of 1500 professionals revealed that 27% wanted full-time remote work, 61% wanted hybrid work, 18% wanted to return to offices full-time given the condition above. In the Personio study mentioned above, 34% of resignation causes was due to deterioration of work-life balance, 18% for unpaid leave and 39% flexibility of hybrid work.

The pandemic did not only cause lifestyle changes for employees, a lot of people experienced some psychological effects. Over 2,700 employees in a global survey shows that 75% feel socially isolated, 67% have heightened stress levels, 57% feel more anxious, and 53% are emotionally exhausted. In a similar study, 86% of employees feel they are working harder than they should remotely to prove their competence to their employers, taking a toll on their health (Pacific Prime, 2020)

Summarily, the pandemic has caused a shift in employees' perception of their jobs in that they have re-evaluated their priorities and values, therefore are making necessary changes to vital areas of their lives including work, causing a major shake-up in the talent landscape. Given the fact that turnover is expensive for companies and high performing skilled workers are the likeliest to make these transitions the question remains- in this era, what can employees do to improve employee loyalty, motivation and ultimately, productivity?



## **2. METHODOLOGY**

This chapter provides an overview of the research design, data collection and data analysis. It also describes the procedure for analysing the information gathered, results of which are described in the conclusion chapter that follows.

### **2.1 Research design**

The study adopted mixed research method for collecting primary data. Since qualitative research is more concerned with words than numbers (Sekaran & Bougie, 2016. p 96) and gathers information in a narrative form, usually involving in-depth investigation through means such as interviews (Bryman & Bell, 2007. p 280) the author chose this method so as to create a conversation with employers in order to have a clearer view of their perspectives in matters relating to employee benefits and productivity. Interviews were conducted with managers (two Human Resources managers, one senior level manager and two mid-level managers) from five Estonian companies of the following industries- finance, telecommunication, logistics, IT and manufacturing. The interviews were semi-structured. Main areas of interest were sent to interviewees beforehand to enable them prepare and research if necessary. However, during the interviews, some questions arose from answers provided by interviewees and some also raised their own opinions, all of which are allowed. (McIntosh & Morse, 2015). Language of communication was English.

In order to avoid biased view from employers, a survey was conducted using descriptive research design to gather information from employees as well. This approach was selected because the population of employees in Estonia is quite large, therefore, this method makes it possible to collect data from a wide number of respondents rather than just a few people. The sample includes employees who are currently working or have worked in Estonian companies in the past two years. The reason for the two-year restriction is to capture updated perceptions of employees which might have been substantially influenced by the COVID-19 pandemic. A descriptive study is useful in determining the frequency of occurrences or the relationship between variables (Bryman & Bell, 2007. p 25) This makes it suitable for this research as the author aims to determine the opinions that most employees mostly have in common.

### **2.1.1 Data collection and analysis for quantitative method**

In this research, effort is made to understand the types of benefit packages provided in employers in Estonia. The survey seeks responses about employees' demography, awareness and relevance of available benefits and employees' perception of how benefits affect their productivity. Questions were formulated based on the research aim and research questions. Sixteen items were adapted from existing literature and measured using survey measures relevant to each question. One question was dichotomous, nine were multiple choice, five questions used the 5-point Likert-scale and one question was open-ended (Sekaran & Bougie, 2016)

The list of benefits was gotten from the Society for Human Resource Management's report (Wessels & Robinson, 2018). Statement about personal development and training as a benefit was gotten from Chhetri's (2018) research. Statements regarding employee satisfaction, as well as productivity as a result of welfare packages were taken from the research of Wantania & Joyce Lapien (2015). It was stated that satisfied employees are the best performers. This questionnaire also followed their design in some areas using age, gender, marital status which provides information on how they might influence the benefits prioritised by different individuals.

The questions about level of education, industry of current job, employee population and employee position were included to find out if they have any influence on the types of benefits available to different individuals. In the same way, statements about awareness and relevance of benefits provided to individuals are used to corroborate this point. (Theresa et al., 2019). The question about employees' suggestion on what can be done by employers to improve their productivity was taken from Asio's (2021. p 4) study. The Google form survey can be found in Appendix 1.

The survey was only available for the people who are able to use the internet and come across the survey. Therefore, the non-probability sampling technique was used since no random selection was involved. Its efficiency, convenience and practicality made it the author's technique of choice. The questionnaire had a total of 150 respondents.

The instrument for data collection for the quantitative method is semi-structured questionnaire generated on Google Forms with the variables consisting of various benefits provided in companies around the world, so as to link those with productivity and identify their effects. As a result of the convenience and easy ability of data collection and analysis through online survey, which has been proven by many years of research (Daley et al., 2003), questionnaires were administered online.

Prior to that, a pilot survey was conducted with a small sample, as advised by the supervisor. This was done to test the research tool in order to discover and solve any challenges that can affect the main data collection process. The questionnaire was shared on the author's social media pages and place of work. People who are currently working in Estonia are eligible to fill the questionnaire. The data collection spanned for 17 days (23 March 2022 to 8 April 2022) and 150 responses were obtained. As soon as the target number was reached, the questionnaire was closed.

Descriptive statistical analysis and correlation analysis were used to analyse data. The survey results were analysed using Microsoft Excel and IBM SPSS 26. A positive correlation is rated on a scale of 0.1 to 1.0 (Ratner, 2009). 0.1 to 0.3 would be the rate for a weak positive correlation, 0.3 to 0.5 for a moderate positive correlation and 0.5 to 1.0 for a high positive correlation. Best suited charts, tables and figures were used to represent and summarise results.

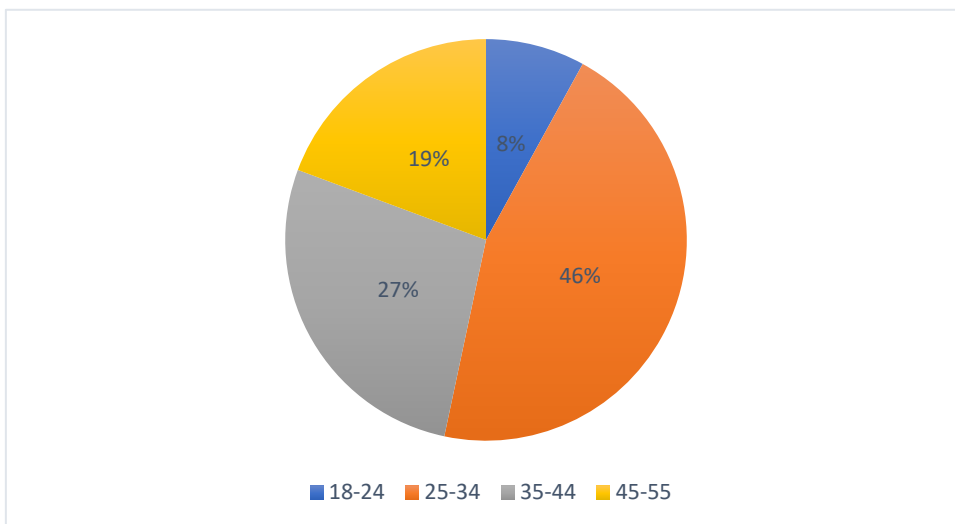


Figure 3. Age of the respondents  
Source: Created by the author based on appendix 3

Demographic distribution of the respondents is 44.7% female and 55.3% male. Age distribution of respondents are shown the figure 3 above.

40.7% of respondents hold Bachelor's degree, 41.3% Master's degree, 9.3% High School, 8% professional degrees and 0.7% Doctorate. Also, 50.7% are Specialists at their place of work, 29.3% hold entry level positions, 16.7% are middle managers while 3.3% are senior managers. Table 3 in appendix 3 shows full demography of the respondents.

### 2.1.2 Data collection and analysis for qualitative method

Interview requests were sent to several companies. Among those who responded, the author picked one company from each of the industries listed earlier so as to avoid repetition and accommodate variety of industries. All the interviewees opted to be anonymous but gave permission for recording for future access by the researcher. Interviews were conducted online- via Zoom and physically.

Table 1. Interviews

	Interview method	Interviewee position	Length (minutes)
Interview 1 (Company E)	Online	Department Manager	24
Interview 2 (Company N)	Online	Human Resource Manager	23
Interview 3 (Company W)	Online	Team Lead	17
Interview 4 (Company C)	Physical	Teams Clusters Manager	7
Interview 5 (Company S)	Physical	Human Resource Manager	11

Source: Author's research

Transcripts were generated using audio transcription software. Thematic analysis was employed for data collected in the interviews. This is a method of analysing text data. It allows for text data to be coded into different themes before being developed into coherent reports. It analyses classifications and present themes (patterns) that relate to the data (Ibrahim, 2012, p 40).

Questions for the interview were formulated based on existing studies and information found on web pages. The question about how productivity is measured was developed from a study (Günter & Gopp, 2021) statement that there are several ways to measure productivity and components to consider. This prompted the author to seek to know how the companies measure productivity. The question extra benefits provided.

Information about obligatory leaves and benefits were gotten from the Estonian State Portal, Riigiportaal (2022) and Papayaglobal (2021). This question of additional benefits employee was

included to know which benefits the companies provide voluntarily outside of those mandated by the government.

Given that the aftermath of the COVID-19 pandemic was The Great Resignation, the author deemed it important to know if any new benefit has been introduced as a result of the pandemic, hence the question asking what new benefit packages have been introduced recently (especially since the emergence of COVID-19 pandemic).

Some studies have shown that employee stock ownership plan improved productivity (Hoffmire et al., 2013; Sesil & Yu Peng Lin, 2011) while others found that stock ownership must be supported with other factors if it must be effective (Pendleton & Robinson, 2010). Other studies found that flexible work schedules brought about increased employee effectiveness and productivity (Boltz et al., 2020; “Flexible Working” 2008). On these bases, the questions about if and how introduction of benefits have affected productivity was formulated.

Apart from employee benefits, Almaamari & Alaswad, (2021) in a study found that work environment, leadership styles, and organizational culture all affect employees’ productivity. The author of this research sought to confirm this from the interviewees; and presented the question about what other factors affect productivity positively or negatively

(Hammad et al., 2011) outlined some ways to improve lagging productivity and stated that training yields the greatest productivity improvement. This formed the basis for the question of what corrective measures the company employ for a drop in productivity. A total of 9 questions were prepared by the author. List of all questions are in appendix 2.

### 3. RESULTS

It is important to note that the benefits analysed in this research are not mandatory by law. They are the additional benefits provided by individual companies.

#### 3.1 Findings for the quantitative method

Respondents were asked to select, to the best of their knowledge, the benefits provided by their company. This is to get the frequency of benefits common in Estonian companies or at a smaller scale, within the sample. The results were in the order shown in the bar chart below:

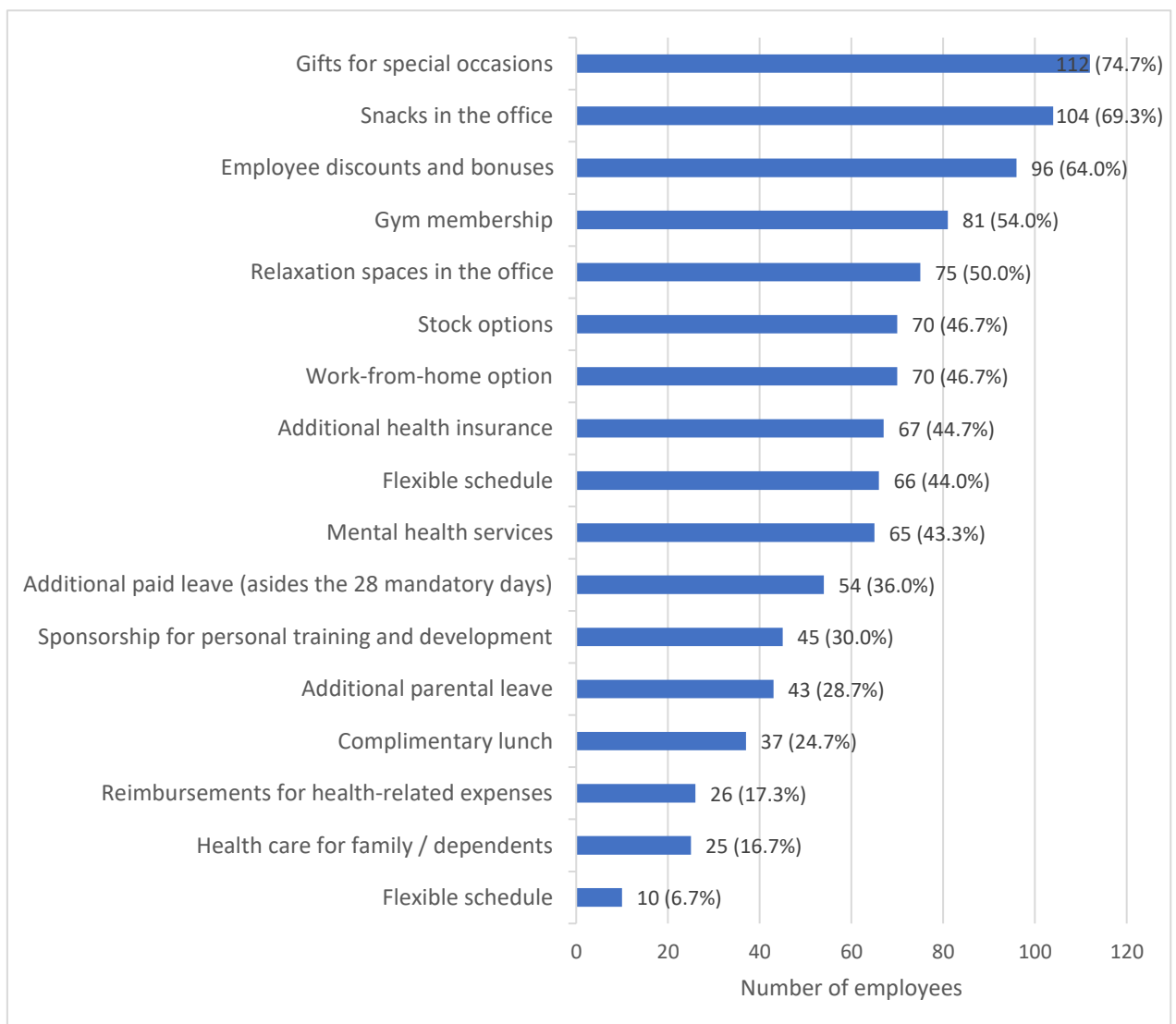


Figure 4. Top benefits provided by employers of companies in Estonia

Source: Created by the author based on appendix 3

This result was placed side by side with the industries to determine if the number of benefits provided are dependent on the industries. The following bar chart shows the result. IT, Finance and Construction industries are the highest three with averages of 10, 9 and 8 benefits respectively.

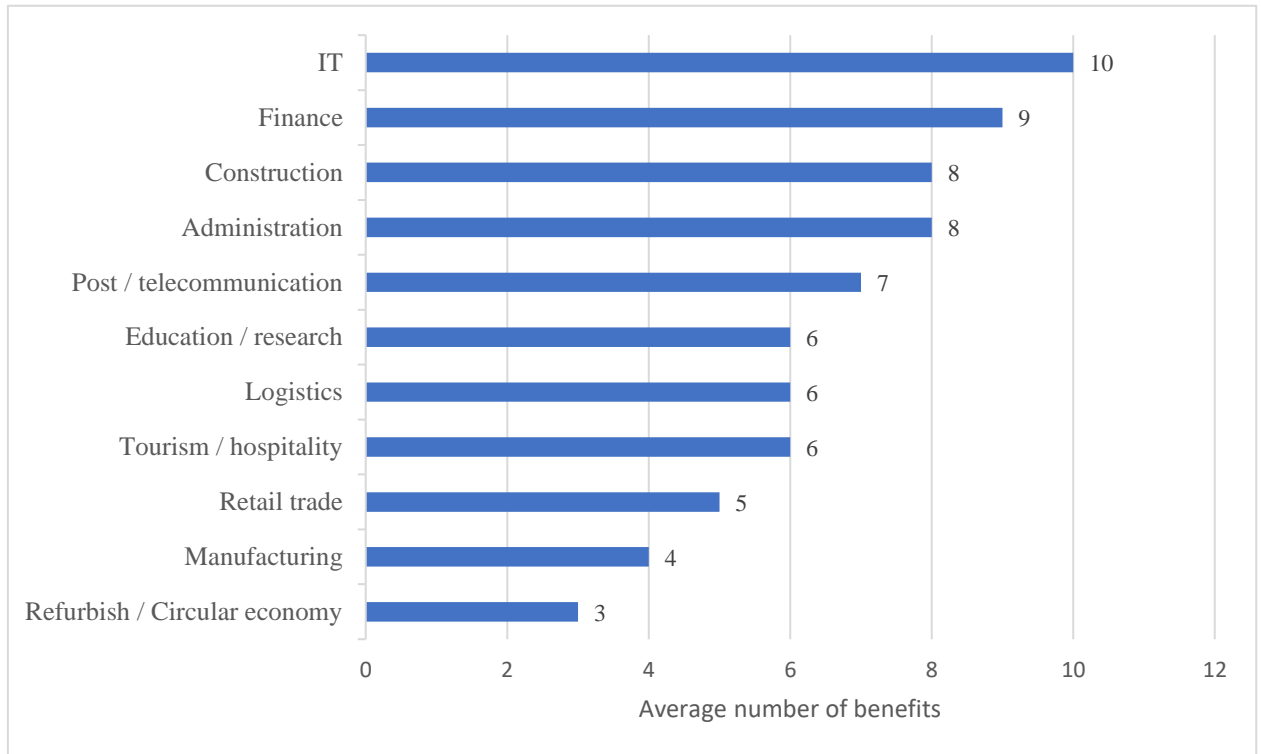


Figure 5. Average number of benefits provided by companies in Estonia  
Source: Created by the author based on appendix 3

Respondents were presented with a number of benefits common in Estonian companies and asked to select the three most important benefits to them. The overall top three selected are stock options (64.7%), health benefits (61.3%) and personal development and training (58%). Others following were flexible schedules (49.3%), additional paid days off (42.7%) and gifts and discounts (24%)

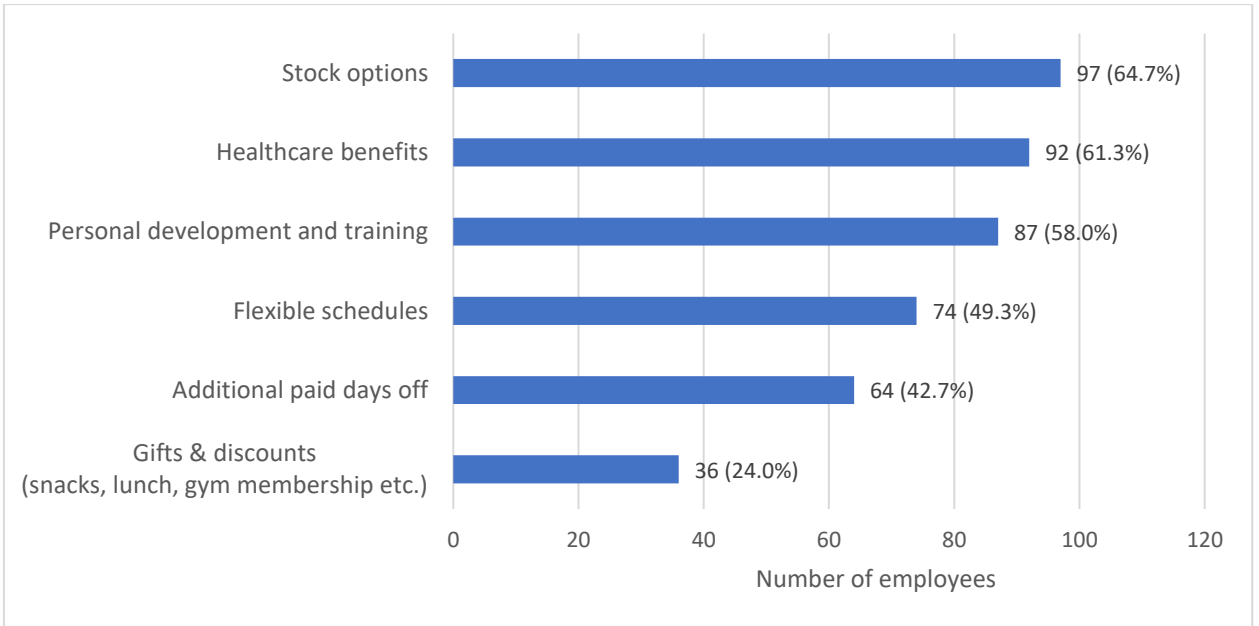


Figure 6. Employees most preferred benefits  
Source: Created by the author based on appendix 3

The figure below shows the types of benefits that people of various age brackets find most important. It is apparent that age might be a strong determinant of the what people prioritise in their lives. The minimum (18-24) and maximum (45-55) age brackets want very opposite things and middle age group lie in the middle in the benefits they want.

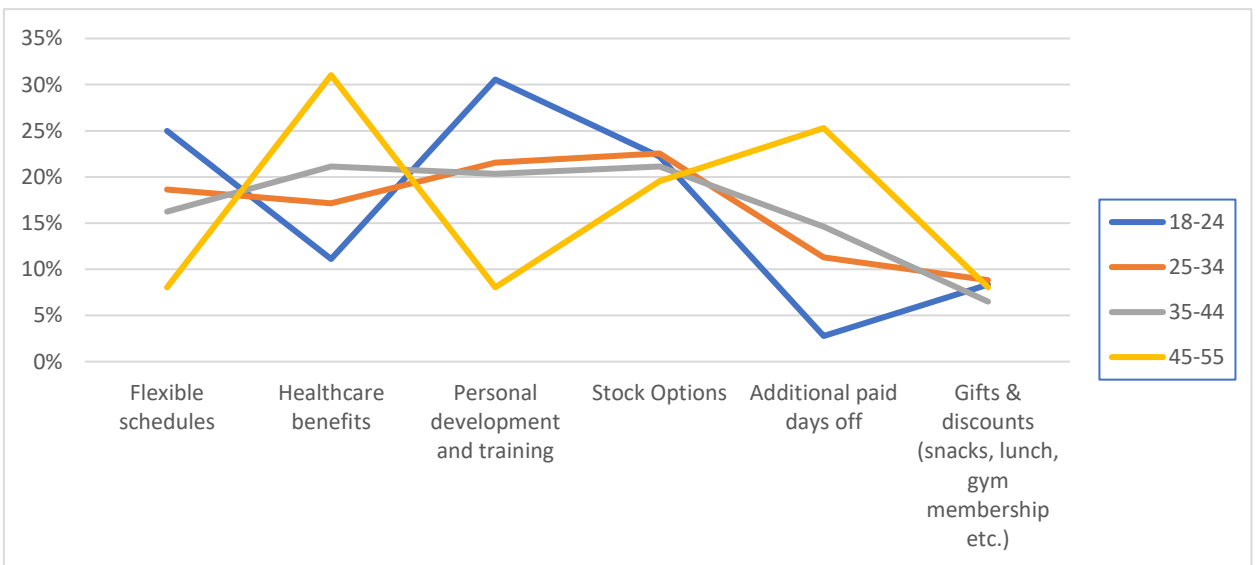


Figure 7. Employees most preferred benefits by age  
Source: Created by the author based on appendix 3

On the other hand, gender seems to not matter much on the benefit people want as the figure below shows a similar trend for both male and female. The highest differences can be seen in the 23% and 26% differences which exists between training and stock options respectively.



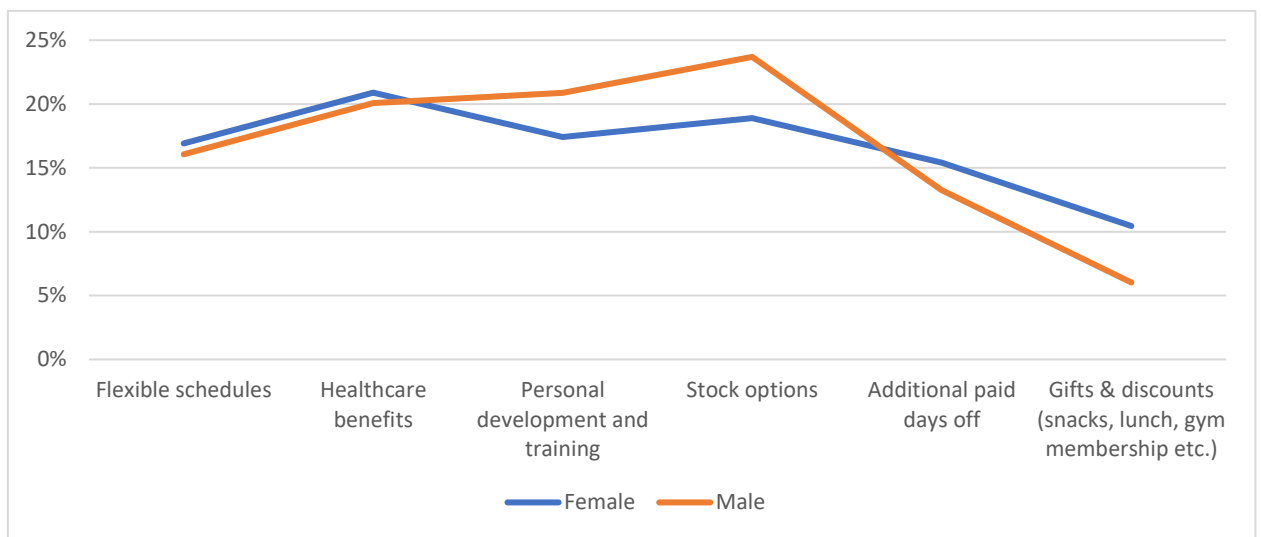


Figure 8. Employees most preferred benefits by gender

Source: Created by the author based on appendix 3

The author gathered that if any benefit will contribute towards productivity, such benefit must first of all be relevant to an employee. Therefore, this study inquired the relevance of the benefits provided to individual employees.

Almost half of the sample found the benefits their companies relevant to them. On a scale of 1 (lowest) to 5 (highest), 43.3% rated the relevance 5, 30% rated relevance 4, 18.7% rated it 3, 7.3% rated 2 and 0.7% rated 1.

To further corroborate this response, respondents were asked if they have personally benefitted from those they considered relevant. 94% said that they have personally benefitted from the offerings of their companies. Seeing as a total of 92% of respondents rated the benefits' relevance 'medium' to 'very relevant', their responses in question 10 indeed supports the results in question 9. This question was asked to ensure that their responses for the next questions are reliable. If most people find the provided benefits relevant and have benefitted from them, we can somewhat rely on their input on their perception of how benefits can affect their productivity; rather than those who do not find any use for the provided benefits.

In order to determine the relationship between awareness of benefits, satisfaction with benefits, effects on productivity and chances of benefits affecting loyalty, the questions in the figure below were asked and respondents rated them between 'strongly disagree' and 'strongly agree'. Afterwards, Pearson correlation (Table 2) was used to test the relationship between all.

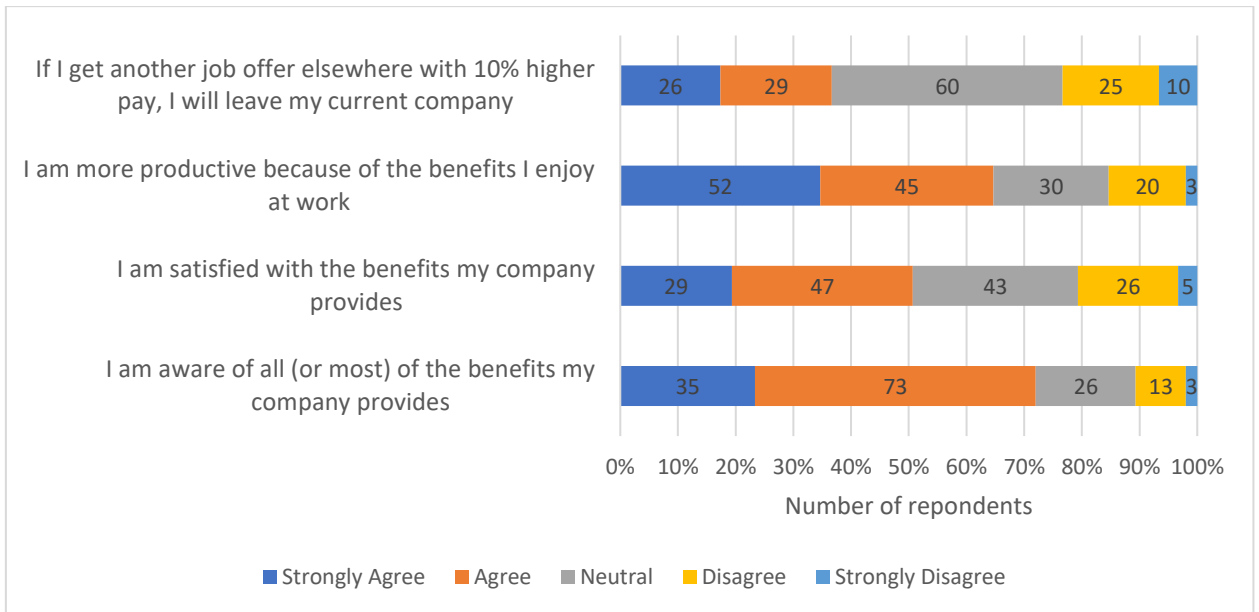


Figure 9. Responses from rating scale questions  
 Source: Created by the author based on appendix 3

Correlation analysis shows significant positive correlations between awareness, satisfaction and productivity. A positive correlation indicates that two variables are related positively; as one variable increases, so does the other and vice versa. The higher the positive correlation, the higher the chances of the variables moving in unison. From this analysis, significant positive correlations between awareness, satisfaction and productivity while strong negative relationship exists between satisfaction and decision to exit at 10% salary raise.

Table 2. Pearson correlation determining the relationship between awareness, productivity, loyalty and satisfaction

	Satisfaction
Benefits awareness	.406**
Productivity	.506**
Exit at 10% more pay	-.412**

\*\* . Correlation is significant at the 0.01 level (2-tailed).  
 Source: Author’s calculations based on appendix 3

Finally, an open-ended question was asked about employees’ ideas on how employers can improve their productivity on a personal level. 98 respondents provided answers to this question. The following were the responses gathered:

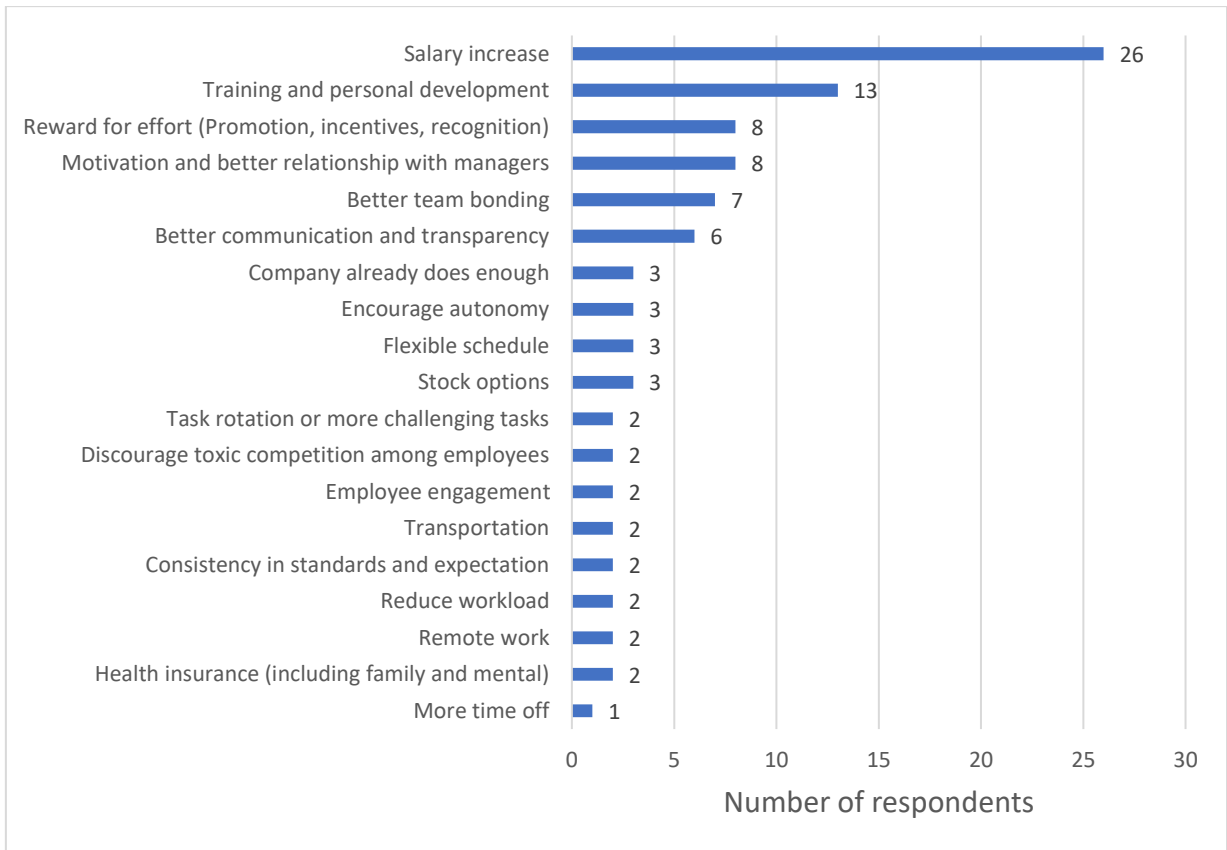


Figure 10. Responses showing how employees believe productivity can be improved  
 Source: Author’s survey

35% of the responses were around monetary benefits (salary increase and reward for effort, that is, promotion, incentives and recognitions). Training and development is the second most common response from the survey. Motivation and better relationship with managers, better bond within teams, better communication and transparency company-wide are also popular responses to the statement.

### 3.2 Findings for qualitative method

When asked what productivity metrics are measured, the answer is similar for all the companies. How productivity measurement is done depends on the type of job done. According the Company E, for jobs done on site, delivery accuracy is considered. When it comes to logistics, cost of equipment and warehousing, as well as efficiency of production are measured. For People departments, they measure frequency and efficiency of trainings. Company S, since the operations has a lot to do production, units produced per time is majorly considered. For Company W, they focus on Service-Level Agreement (SLA), which refers to the agreed level of service expected by a customer from a supplier. Also, they measure Kep Performance Indicator (KPI), which is set

standards by the team regarding the level of quality and quantity they are targeting. Basically, all departments have what is important to them and that is what is measured.

*“There's no unified productivity measure, so for Bookings department, it's the number of bookings that is processed and completed daily. In collections, it's, how much of Individual portfolio is overdue, how many calls were made to the customer. in disputes, it's how many disputes are processed every day? How many cases are resolved daily? So it depends.”* (Interview 4).

When it comes to the non-mandatory employee benefits provided by the companies, Company E said that there are monetary and non-monetary benefits. There are health care benefits, additional days off (depending on how long one has worked with the company, personal developments, gifts for special occasions and festive periods. Monetary benefits are mostly awarded when an employee proposes an improvement to the business that created a positive financial effect. Company N, the IT company appears to offer the most benefits. In addition to the benefits listed for Company E, the IT company provides a family friendly workspace at the office, flexible working hours, hybrid work from anywhere within the EU, referral bonuses depending on position, mobile phone compensation as well as recreation office spaces. Companies S and C are similar in the extra benefits they provide. Mostly discounts, gifts and additional days off depending on the duration a worker at the company. Company S, for example has discount codes for employees purchasing food on Wolt or some specific Estonian restaurants. Company N goes as far as making personalised Christmas gifts for their employees and even their kids where applicable, there are company-given gifts for weddings and child's very first resumption to kindergarten. Company E gives gift cards for weddings, childbirths, graduations and retirement. The other three companies interviewed also attested to the availability of these three most common benefits. Other benefits vary between companies.

The author asked if there have been any new benefits due to the COVID-19 pandemic, for companies that provide health related benefits, that is, Company E, N and W, such benefits are further widened. For example, vaccinations against diseases were now included in the package. Counselling for mental health issues were also added. Company C began to offer this as well. Also, for all the companies, remote work was introduced. 100% remote work for some (Company N) hybrid work for some (Companies E, W and C). For Company S, some jobs cannot be done remotely, however for jobs that can, hybrid work was allowed for these. Furthermore, they all added more days to the additional days off and gave allowances for home office set up (chair, desk, computers and screens).

About the question of employment benefits affecting productivity, all the interviewees submitted that benefits do affect productivity, although to debatable degrees. Company N says they are more productive when they feel secure;

*'...knowing that if I have any health or mental difficulties, I can quickly and very easily have access to private care covered by the company definitely brings security and a sense of belonging'* (interview 2)

The interviewee also stated that the option of hybrid work (onsite and remote work) might have an influence on productivity. They stated that they personally are more productive at home but also sometimes like to go to the office to create a balance if needed. Company W supports this and added that some people lose an amount of motivation when they have to get dressed and take a journey to work, but remote work eliminated this problem. Alternatively, recreation centres at the office gives workers an avenue to unwind and refresh the brain if necessary and these in some ways, influence productivity positively. Company C and Company E stated that monetary benefits definitely improve productivity. However, Company E said this influence is temporary. They observed that productivity is only influenced positively for a limited period after monetary incentive is received. The euphoria seems to deplete after some time and will be reawakened when the next incentive is received. Company N submitted, just like Company E that benefits are able to influence productivity but momentarily. According to them, benefits have stronger influence on employee loyalty than productivity. This was confirmed in the survey.

With regards to other factors that contribute to improving productivity, Company E said monetary benefits definitely keep people motivated but non-monetary benefits are actually more beneficial. Components like good working environment is fundamental.

*"I have been in this company for 11 years. I have seen many times that when people leave, they come back just because of the work environment. It does not mean that you have high-end computers or something like that, it is the microclimate; how people take you, how you collaborate with colleagues and everything like that. There is no yelling at each other and so on. So a very good climate is a thing"* (Interview 1)

This interviewee also said that possibility to grow within the company also plays a major role in the effort people put in their work. Then the company is large, with several departments and people can move from one department to another, they put in their best to prove that they have the capability to succeed wherever they are. Therefore, personal development, in form of internal and

external training being sponsored by the company and growth possibility is a huge motivator. Company N said that for an IT company like theirs, benefits definitely attract talents but they cannot totally agree that benefits retain them; because the full scope of benefits are disclosed only when people have been employed but many employees are not even aware that these benefits exist. Company W and Company S stated that self-motivation, training, good work tools, conducive work environment which includes relationship with colleagues play major role in improving productivity.

The author sought to know what benefits are prioritized by employees in the companies. Development opportunities and monetary incentives rank top most for company N. Company W maintains that health benefits are definitely the most prioritised for them. Company C ranks rewards and incentives, personal development opportunities and stock option as top priorities for workers as he believes stock options make people feel like an owner of the business; hence increased motivation which leads to higher productivity.

Company E believes that the benefits employees prioritise greatly depends on the phase of life they are in.

*'What they value the most depends. If a person feels really well in his position, he is currently not interested to grow or learn anything, but would be interested in getting more salary... For someone who has been in a position for very long, he is interested to move and would like to enable this. Therefore, he is seeking the development opportunities that the company can give'* (interview 1)

What most of these have in common is the place of development opportunities and monetary incentives on the priority scale.

The last question was about how declining productivity can be improved. All the employers interviewed have almost the same techniques at improving employee productivity when there is a decline. Initial discussions take place to investigate the root cause of the declining performance. Some examples of the reasons given by Company E are burnout, lack of enough compensation, lack of motivation, lack of knowledge, health reasons and other personal reasons. These are discussed with employees and appropriate support is provided or in some cases, negotiations take place. Performance improvement plan (PIP) are formally put in place by all the companies. With this, both the employer and employee draw a plan on how best to proceed at improving employees' productivity.

*“...tracking the numbers, you can see how people act and how they feel. ...people go directly to HR and they were telling what is going on, that they're not happy, but my approach was always to listen to people and to understand what is missing because if performance is dropping, but there's always something behind it. If a person started slacking off, then the first step is one-on-one with a manager with openness and honesty. This helps” (Interview 2)*

This quote puts precisely how all the companies first responds to declining employee productivity before proceeding to draw plans on how to remedy the situation.

### **3.3 Discussion of findings**

From the question, ‘To the best of your knowledge...’, it was shown that some benefits are very common and are expected to be found in companies. Some of these are employee discounts and bonuses (as agreed by 74% of survey respondents), gifts for special occasions and snacks in the office (as agreed by all interviewees). However, some benefits such as flexible schedule, health benefits, remote work vary among different companies. In order to understand this variance, steps were taken to understand if industry type determine the number provided benefits. Figure 5 from the survey shows that IT companies provide the highest number of benefits. This result is consistent with the information gotten from the companies during the interview. Company N, in the IT industry, when compared to the others provided the highest number. According to the survey, this is closely followed by the finance industry. Third on the list is construction industry. At the bottom of this list are the retail trade and the manufacturing industries.

The author believes that if productivity would be influenced by benefits at all, the benefits must be relevant to the employees. Therefore, the author sought to know what benefits workers prioritize and could influence their productivity. The overall top three selected are stock options (64.7%), health benefits (61.3%) and personal development and training (58%). When we compare this with the interview responses, opposite is the case, interviewers perceived that personal development and training is the highest prioritised benefit, followed by health benefits then monetary benefits.

What all the survey and interview results have in common is the place of development opportunities, health benefits and monetary incentives on the priority scale.

To further develop the point above, in figure 8, we can see that gender has very weak effect with workers benefits of choice. This means that gender does not determine the benefits people prioritize. However, age seems to be a moderate determining factor. The results show that the

higher their age, the more people tend to prioritise health benefits and paid days off. This is likely because as people age, they begin to place more value on their health and that of their dependants. They may also now value spending more time outside of work and with their families. On the other hand, in Figure 7, the higher the age, the less value placed on training and development opportunities. Younger people are looking for growth chances and more time to pursue further growth, hence, flexible schedule; therefore, for that demography, these benefits are important. This strongly supports a statement in interview 1 that priorities are largely dependent on the phase of life that one is in. This validates the results of the study by George & Jones, (2008), that if the benefits meet the needs of employees, it has the power to influence their productivity positively.

Table 2 shows significant positive correlations between awareness, satisfaction and productivity. This indicates that the more people are aware of the benefits available to them, the higher the chances of being satisfied with those. If they do not know there are some provisions for their enjoyment, there is nothing to produce satisfaction that this could afford. In the same vein, the slightly high positive correlation between satisfaction and productivity shows that the more people are satisfied with their working conditions, the higher the chances of productivity being positively influenced. This validates the quote from interview 2 above, that some people are unaware of the benefits the company offer, therefore, such benefits have no part to play in improving satisfaction and ultimately, productivity. Just like in studies, (Ton & Huckman, 2008; Karr, 1999), it was discussed that the more employees are satisfied with their job and what they get from it, the higher their productivity level

Discussing the effects of benefits on productivity, it was found that employee benefits have positive effects on productivity (Kang et al., 2016). Results from survey shows 65% of respondents agree that they are productive because of the benefits they enjoy from work. Similarly, all interviewees agrees that benefits increase productivity. When disentangled, there might be a need to study each benefit separately, as it is possible that some benefits have stronger effects than the others. In the interview with Company N, the Human Resource manager said that even though people value monetary benefits more, when it comes to actually increasing productivity, nonmonetary benefits such as training, good health programmes and environment drives productivity. This illustrates what was reported, that each benefit has an independent role they play (Kamau, 2013). Company E said that it is true that benefits increase productivity but it is only for a short time because the satisfaction is only for a short period of time until it wears out and another new element must be introduced to keep driving the productivity.



Regarding ways by which productivity can be improved, Diagram 7 shows the information gathered through an open-ended question from the survey “If your company could do anything to improve your productivity, what would it be?”. 35% of the responses were around monetary benefits followed by training and development, then motivation and better relationship with managers, better bond within teams, better communication and transparency company-wide are also popular responses to the statement.

Comparing the perspectives of both employees and employers on this topic, they have similar stances. From the employer view, Company W and Company S stated that self-motivation, training, good work tools, conducive work environment which includes relationship with colleagues play major role in improving productivity. In the previous subchapter, it was mentioned that personal development, in form of internal and external training being sponsored by the company is beneficial both to the company and the individual, as recorded by Duffy (1998) . It is beneficial to the company because employees will utilize the knowledge gained in training for their work, which has a chance of improving their productivity. It is beneficial to individuals because the knowledge gained is their intellectual property and can give them an edge in their career.

According to three of the interviewees, Company S, E and N, benefits have stronger influence on employee loyalty than productivity. This was confirmed in the survey. Table 2 shows that moderate negative relationship exists between satisfaction and decision to exit at 10% salary raise. This means that if the benefits are satisfactory enough, it would take a significant salary raise from another company for people to leave their current company. These results suggest that monetary benefits do not have as much sustained influence on productivity as nonmonetary benefits.

All the employers interviewed have almost the same techniques at improving employee productivity when there is a decline. Initial discussions take place to investigate the root cause of the declining performance. Some examples of the reasons given by Company E are burnout, lack of enough compensation, lack of motivation, lack of knowledge, health reasons and other personal reasons. These are discussed with employees and appropriate support is provided or in some cases, negotiations take place. Performance improvement plan (PIP) are formally put in place by all the companies. With this, both the employer and employee draw a plan on how best to proceed at improving employees’ productivity. This supports the findings that the more managers are seen as authentic, by being aware, transparent and showing high ethical standards, the more workers

perceive they have access to workplace empowerment structures, this leads to job satisfaction, hence higher productivity (Wong & Laschinger, 2013).

Based on the findings of the study, the researcher gives the following suggestions:

1. Although some benefits are readily available, some companies are already going the extra mile to personalise these “common benefits”. As there has been an agitation in the labour market in recent times, companies that are interested in being considered should look for more creative ways to make even the most common benefits more attractive to talents.
2. Workers should pay attention to the industry before setting expectations on benefits they would get. Some industries are more competitive than the others for advanced skills, as a result, they provide far more benefits than the less competitive ones. This would be reason IT industry is at the top in this regard.
3. Since one of the targets of benefits is to create motivation, thereby increasing productivity, it is important that benefits that actually matter to employees are provided. As earlier discussed, age (or phase of life) for example, greatly impacts which benefits people need. If employees do not find the benefits relevant or useful for them, then such benefits lose the power to achieve expected results if there are any. Human Resource departments should take regular employee survey to understand their workers’ demography and determine the relevance of provided benefits as well as the ones employees would rather have in order to increase productivity.
4. Employees and employers seem to have different views on the effects of benefits on productivity. Employees believe monetary benefits have the most effects while employers believe benefits do not necessarily increase productivity at the long run, other factors like training, self-motivation, good working tools, team effectiveness and conducive working environment do. Therefore, companies should endeavour to provide those. However, since employees’ perception is that benefits make them more productive, companies should also provide these as much as they can. If in the long run, it has had no real effect on productivity, at least, a happy workforce would have been established and these are advantageous to the company in other areas such as employee loyalty which leads to lower turnover (Madrian, 1994). Satisfied employees can also be very helpful with employee word-of-mouth marketing strategy where employees are asked to spread the word about their companies.

5. Finally, in order to solve the problem of declining productivity, regular one-on-one meetings between managers and team members should be put in place to commend good performance, assess growth areas and discuss any challenges within or outside of work and possible ways to overcome them. It is important for managers to do this regularly in order to enable them catch any looming problems before they escalate.

## CONCLUSION

At the beginning of 2021, many job resignations were recorded around the world mainly because there had been changes in people's lifestyles and job-related choices. These changes influenced the type of benefits they now look for in jobs. Workers now pay extra attention to other areas like healthy family life, mental health, sense of value from employers, and are seeking for more from their jobs. The problem is that it costs companies money to provide these benefits and one major way to justify this cost is if these benefits lead to increase in productivity. This led to the aim of this study: to analyse the possibility of benefits affecting productivity within companies in Estonia, from perspectives of both the employers and employees.

To reach the aim of the study, it answers three research questions. To gather data, the author conducted online survey for employees, as well as interview sessions with five mid and top-level managers of companies in Estonia. Based on the survey and interviews conducted, it can be concluded that all research questions were successfully answered.

The first research question was to find out how the existing benefits affect employee productivity. The findings show that from employee standpoint, they are more productive because of the benefits (especially monetary) available to them. Employers however believe benefits increase productivity but only for a short time. The effects wear out quickly and more is required to continued effect.

The second research question was to find out which of the existing benefits should be prioritised by employers. Findings from survey shows that the top three benefits that should be prioritised to increase productivity are stock options, health related benefits and personal training and development. What the survey and interview sessions have in common here is personal training and development. Managers believe it is the most important benefit with regards to improving productivity.

The last research question sought to find suggestions on ways to increase employee productivity. The findings here are similar to that of second question but additionally, employees suggest better relationship with fellow team members and with managers. Managers suggest other factors like self-motivation, good working tools, team effectiveness and conducive working environment. Regular one-on-one meetings between managers and team members should be put in place to commend good performance, assess growth areas and discuss any challenges within or outside of work and possible ways to overcome them.

These findings led to the conclusion that employee benefits have positive effects on productivity. However, the extent of its effects varies from the viewpoint of both employer and employee. For this reason, the author suggests that a regular survey should be done by the Human Resource department. The results will help employers gain knowledge of the employees' perspectives of the benefits offered and to ensure that their expectations align to some extent. This would enable companies identify factors to invest more in, if productivity improvement is the goal. Also, they should consider staying updated with what their counterparts in the same industry provide.

The author discovered certain limitations of this thesis. The survey and interviews were done in English language, so only English speakers were able to participate in the research. Further studies should aim to bridge this language barrier in order to get a wider and more accurate results. Future studies can also be done on a larger scale to include more industries in Estonia on the employer side, other than the five industries represented in this study and larger survey respondents. Finally, for this study, employee benefits were considered as a whole, further studies should disentangle and try to study the effects of individual benefits on productivity.

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# APPENDICES

## Appendix 1. Online questionnaire

### Employee Benefits and its Effects on Productivity in Estonian Companies

---

Hi!

My name is Abigael. I am conducting a research on employee benefits and productivity for my Bachelor thesis

This survey will help me understand the perspectives of employees of Estonian companies on the benefits provided by their employers and its impacts on their productivity.

Your responses are completely anonymous and will only be used for the purpose of analysis in this research.

Thank you for your time!

---

Age \*

- 18-24
  - 25-34
  - 35-44
  - 45-55
  - 56 or older
-

## Appendix 1 continues

Gender \*

- Male
  - Female
  - Prefer not to say
- 

3. Which of the following best describes your marital status \*

- Single
- Married
- Widowed
- Divorced
- Separated
- In a domestic partnership
- Other...

4. Highest level of education \*

- High school
- Bachelor's
- Master's
- Professional degree
- Doctorate

## Appendix 1 continues

5. Industry of current job \*

- Healthcare
- Education/research
- Civil service
- IT
- Finance
- Administration
- Post/telecommunication
- Manufacturing
- Retail trade
- Media
- Tourism/hospitality
- Chemical/energy industry
- Logistics
- Other...

## Appendix 1 continues

6. How many employees work at your organisation? \*

- Less than 25
  - 26-100
  - 101-500
  - 501-1000
  - Above 1000
- 

7. What is your position / job level? \*

- Entry level
- Specialist
- Middle manager
- Senior manager
- Executive

## Appendix 1 continues

8. To the best of your knowledge, which of the following benefits does your company provide (tick as many)

\*

Please select all options that apply

- Additional health insurance
- Stock options
- Health care for family / dependents
- Reimbursements for health-related expenses
- Additional parental leave
- Snacks in the office
- Complimentary lunch
- Additional paid leave (asides the 28 mandatory days)
- Sponsorship for personal training and development
- Gym membership
- Employee discounts and bonuses
- Gifts for special occasions
- Mental health services
- Relaxation spaces in the office
- Work-from-home option

## Appendix 1 continues

Flexible schedule

Other...

---

9. How relevant are the benefits your company provides to you? (Please rate) \*

	1	2	3	4	5	
Not relevant	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very relevant

---

10. Have you personally benefited from any of the provided benefits? \*

Yes

No

---

11. What are the top 3 benefit categories that you consider most important to you as an individual. \*

Healthcare benefits

Personal development and training

Flexible schedules

Stock options

Additional paid days off

Gifts & discounts (snacks, lunch, gym membership etc.)



## Appendix 1 continues

Rate the following sentences \*

	Strongly disagr...	Disagree	Neutral	Agree	Strongly agree
I am aware of a...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am satisfied ...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am more prod...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If I get another ...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

---

If your company could do anything to improve your productivity, what would it be?

Long answer text

---

Source: Egbinola (2022), online questionnaire

## **Appendix 2. Interview questions**

1. When was the company founded?
2. What is the demography?
3. What productivity metrics do you measure?
4. Besides those mandated by the government, what other benefits does the company provide?
5. What new benefit packages have been introduced recently (especially since the emergence of COVID-19 pandemic)?
6. Have you noticed any effects on productivity resulting from the introduction of benefits?
7. In what ways have one affected each other?
8. What other elements do you think impacts productivity (positively or negatively)?
9. How does the company respond to a drop in productivity? What corrective measures are taken?

## Appendix 3. Online Survey Results

**Table 3: Age, Gender & Marital Status**

Age	Gender	Female	Male	Total
	<b>Marital Status</b>			
<b>18-24</b>	<b>Domestic partnership</b>	1	1	<b>2</b>
	<b>Single</b>	2	8	<b>10</b>
<b>Total</b>		3	9	<b>12</b>
<b>25-34</b>	<b>Divorced</b>		1	<b>1</b>
	<b>Domestic partnership</b>	1		<b>1</b>
	<b>Married</b>	19	11	<b>30</b>
	<b>Other</b>	1		<b>1</b>
	<b>Single</b>	12	23	<b>35</b>
<b>Total</b>		33	35	<b>68</b>
<b>35-44</b>	<b>Divorced</b>		2	<b>2</b>
	<b>Domestic partnership</b>	3	1	<b>4</b>
	<b>Married</b>	9	13	<b>22</b>
	<b>Single</b>	7	6	<b>13</b>
<b>Total</b>		19	22	<b>41</b>
<b>45-55</b>	<b>Divorced</b>	4	3	<b>7</b>
	<b>Domestic partnership</b>		3	<b>3</b>
	<b>Married</b>	7	8	<b>15</b>
	<b>Separated</b>		2	<b>2</b>
	<b>Single</b>	1		<b>1</b>
	<b>Widowed</b>		1	<b>1</b>
<b>Total</b>		12	17	<b>29</b>
<b>Grand Total</b>		<b>67</b>	<b>83</b>	<b>150</b>

## Appendix 3 continued

**Table 4: Education & Job Industry**

Highest education	Bachelor	Doctorate	High school	Masters	Professional degree	Total
<b>Industry</b>						
<b>Administration</b>	1			3	1	5
<b>Construction</b>					1	1
<b>Education / research</b>	1	1		1		3
<b>Finance</b>	11			14	3	28
<b>IT</b>	7		1	14	2	24
<b>Logistics</b>	5			7	1	13
<b>Manufacturing</b>	13		5	8	2	28
<b>Post / Telecommunication</b>	8			7	1	16
<b>Circular economy</b>	1					1
<b>Retail</b>	7		7	7	1	22
<b>Tourism / hospitality</b>	7		1	1		9
<b>Grand Total</b>	<b>61</b>	<b>1</b>	<b>14</b>	<b>62</b>	<b>12</b>	<b>150</b>

**Table 5: Company size & Job Position**

Position / job level?	Entry level	Middle manager	Senior manager	Specialist	Total
<b>Company Size</b>					
<b>Less than 25</b>	2			1	3
<b>26-100</b>	15	1	1	9	26
<b>101-500</b>	17	10	1	29	57
<b>501-1000</b>	4	9	1	22	36
<b>Above 1000</b>	6	5	2	15	28
<b>Grand Total</b>	<b>44</b>	<b>25</b>	<b>5</b>	<b>76</b>	<b>150</b>

**Table 6: Benefits provided**

<b>Benefits</b>	<b>Respondents</b>
Flexible schedule	10
Health care for family / dependents	25
Reimbursements for health-related expenses	26
Complimentary lunch	37
Additional parental leave	43
Sponsorship for personal training and development	45
Additional paid leave (asides the 28 mandatory days)	54
sMental health services	65
Flexible schedule	66
Additional health insurance	67
Work-from-home option	70
Stock options	70
Relaxation spaces in the office	75
Gym membership	81
Employee discounts and bonuses	96
Snacks in the office	104
Gifts for special occasions	112

**Table 7: Benefits Relevance and participation**

<b>Have you personally benefited from any of the provided benefits?</b>	<b>No</b>	<b>Yes</b>	<b>Total</b>
<b>How relevant are the benefits provided by your company? (Scale: 1 – 5)</b>			
<b>1</b>		1	<b>1</b>
<b>2</b>	3	8	<b>11</b>
<b>3</b>	2	26	<b>28</b>
<b>4</b>	3	42	<b>45</b>
<b>5</b>	1	64	<b>65</b>
<b>Grand Total</b>	<b>9</b>	<b>141</b>	<b>150</b>

**Table 8: Preferred Benefits**

<b>Benefit Categories</b>	<b>Respondents</b>
Gifts & discounts (snacks, lunch, gym membership etc.)	36
Additional paid days off	64
Flexible schedules	74
Personal development and training	87
Healthcare benefits	92
Stock options	97

**Table 9: Responses to rating-scale sentences**

<b>Responses</b>	<b>Agree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Strongly agree</b>	<b>Strongly disagree</b>	<b>Total</b>
I am aware of all (or most) of the benefits my company provides	73	13	26	35	3	<b>150</b>
I am satisfied with the benefits my company provides	47	26	43	29	5	<b>150</b>
I am more productive because of the benefits I enjoy at work	45	20	30	52	3	<b>150</b>
If I get another job offer elsewhere with 10% higher pay, I will leave my current company	29	25	60	26	10	<b>150</b>

Source: Author's survey

## **Appendix 4. Interview transcripts**

[https://docs.google.com/document/d/1YQunDfQqXJHRtx\\_YLfg4981sn1C110\\_ykSjjN6-K8Mk/edit?usp=sharing](https://docs.google.com/document/d/1YQunDfQqXJHRtx_YLfg4981sn1C110_ykSjjN6-K8Mk/edit?usp=sharing)

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