

Differentiation of Croatian Companies by Benefits as an Aspect of Employee Compensation

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Abstract: The purpose of this paper is to investigate the differences in employee benefits compensation in Croatian companies during the COVID-19 pandemic and after its ending. Accordingly, an empirical study was conducted to analyze these differences, encompassing a population of employees from the public and private sectors in the Republic of Croatia. In this regard, the research sample consisted of seventy-two respondents aged 18 to over 60 years.

The research results are divided into four sections. The first section uses descriptive statistics to outline the general and demographic characteristics of the survey respondents. The second section presents findings on employee satisfaction with the benefits offered by their current employer and the impact of the COVID-19 pandemic on changes in benefit options. The study concludes with an overview of respondents' opinions on the current landscape of available benefits in Croatian companies or by their employers. The analysis confirmed that the pandemic initiated changes in the structure of benefit programs. Furthermore, expanding the range of benefit options was found to positively influence overall employee satisfaction. Moreover, most respondents consider the availability of benefits to be a crucial factor when choosing an employer. However, a notable deficiency in flexible benefit programs was identified, underscoring the need to enhance and expand compensation offerings to include such benefits. Consequently, Croatian employers should consider adapting their benefit programs to more effectively meet employees' individual needs in the post-pandemic period.

One of the limitations of the study is its relatively small sample size.

Keywords: human resources management, incentive compensation, compensation management, employee benefits, COVID-19 pandemic

1. Introduction

The COVID-19 pandemic has brought substantial changes to various aspects of business, including how companies manage human resources and structure compensation systems. In contemporary business environments, benefits have become an increasingly important element of compensation, representing indirect financial rewards provided by employers in addition to regular salaries. This trend is a result of accelerated changes in the labor market, where human resources have assumed a key role in achieving a company's competitive advantage. Consequently, employers are increasingly focused on offering benefits that attract and retain quality employees while simultaneously enhancing their satisfaction and work efficiency (Čurčija, 2022). Satisfied employees perform better, contributing to the organization's overall success. Then, a 2024 earnings survey revealed that employees feel employers place too much focus on salary rather than on the overall compensation package, including benefits. Interestingly, the same survey also indicates that employers are planning to introduce new benefits and perks to attract highly skilled talent. (Half, 2025). This marks a clear shift from the types of benefits employers offered during the COVID-19 pandemic. The findings suggest that the pandemic led to notable changes in the benefits landscape, particularly with a broader focus on supporting the health and well-being of employees working remotely or in hybrid roles. These enhancements included benefits such as parental leave and caregiving support for ill family members. Notably, 78% of employers highlighted the adoption of telemedicine as a key example, helping to improve access to mental health services for their workforce (SHRM, 2024). In addition, the Forbes Advisor survey provides valuable insights into the differing perceptions of benefits among employers and employees. While employers and employees differ in how they prioritize benefit options, both groups agree on the critical role of healthcare, life insurance, and retirement plans in attracting and retaining talent with essential skills (O'Reilly and Holznienkemper, 2024). Moreover, the introduction of additional benefit aspects during the pandemic allowed companies not only to address the specific needs of employees but also to maintain workforce motivation and satisfaction under crisis conditions. Many of these newly introduced elements of benefits packages have remained relevant even after the pandemic, underscoring their importance for research and analysis. Therefore, the primary intent of this study stems from recognizing the pandemic's impact on the priorities of both employers and employees as well as the need to understand employee motivation and satisfaction. Based on this, the research subject is to analyze the structuring and implementing benefits as a form of employee compensation in Croatian companies during and after the COVID-19 pandemic, particularly in 2024. Following the research subject, the basic hypothesis has also been formulated, and it reads as follows: *The COVID-19 pandemic triggered changes in the availability of employee benefits in Croatian companies.*

In order to enable a more thorough examination of the main hypothesis, two supporting hypotheses have been proposed as follows.

Supporting Hypothesis 1.1: *Expanding the availability of employee benefits contributes to increased employee satisfaction in Croatian companies.*

Supporting Hypothesis 1.2: *Employee benefits are an effective tool for motivating human resources in Croatian companies*

In analyzing the benefit options used to reward employees during and after the pandemic-induced crisis, the authors drew on research conducted by both domestic and international experts, including Bahtijarević, Buble, Galetić, Armstrong, Deci, Hoole, Hotz, Mathis, Ryan, among others. Additionally, they referenced studies on employee benefits carried out by various companies, agencies, and organizations such as AON, Robert Half, SHRM, Aflac, and others.

2. A comprehensive approach to achieving business goals through human resource management

Successful people management - commonly known as human resources - is essential for organizations of all types and sizes. This creates a major challenge in managing people effectively at all levels of an organization, particularly as the field of human resource management (HRM) continues to evolve rapidly. Then, HRM is a system that ensures the efficient and effective use of people's potential, skills, and abilities to achieve organizational goals (Čurčija, 2022.). In this context, HRM represents a strategic, holistic approach to the development, motivation, and management of human resources within organizations to meet business objectives. With that in mind, human resources are considered a vital organizational asset, encompassing employees' knowledge, skills, abilities, and personal attributes - all of which play a key role in determining an organization's success (Armstrong, 2014).

Human resource management functions encompass a wide range of activities focused on attracting, developing, and retaining talented employees. Key functions involve planning the workforce by analyzing human resource needs and ensuring sufficient staffing, attracting and selecting qualified candidates through effective hiring processes, fostering ongoing professional growth through training, mentorship, and education, evaluating job performance to support both individual and organizational objectives, and implementing a comprehensive reward system that includes both financial and non-financial incentives (Armstrong, 2014). Some scholars, when analyzing HRM functions, group them from the perspectives of strategic human resource management, equal employment opportunities, staffing, talent management, total rewards, risk management, employee protection, and labor relations (Mathis and Jackson, 2011).

The contemporary approach to human resource management emphasizes the integration of both strategic and operational aspects. In this regard, Armstrong highlights that HRM is a critical part of business strategy, encompassing four key elements: aligning HRM policies and practices with the organization's overall strategy, focusing on the development of competencies that create competitive advantages, fostering values, norms, and behaviors that drive employee engagement, and implementing tools to assess the effectiveness of HRM policies and practices. Therefore, effective management of human resources is crucial for achieving flexibility, innovation, and organizational efficiency (Armstrong, 2014).

2.1. Motivation - A Key Element in Human Resource Management

Understanding motivation as a factor influencing employee behavior is essential for effective human resource management. It plays a crucial role in shaping individual behavior across different contexts, ultimately contributing to the achievement of organizational goals (Locke and Latham, 2002). Motivation can be viewed as a complex phenomenon, and gaining insight into it can help reduce turnover while enhancing employee engagement and satisfaction. While there are numerous approaches and theories related to motivation, this paper will focus on two types: intrinsic and extrinsic motivation. Intrinsic, or internal, motivation refers to the drive that arises from an individual's interest in an activity due to the internal satisfaction, pleasure, and fulfillment it brings (Legault, 2016). The characteristics of intrinsic motivation are linked to a sense of autonomy due to control over one's work, the development of competencies and abilities, as well as feelings of connection with others and a sense of belonging. In other words, intrinsic motivation can be defined as the internal desire to engage in an activity for its own sake, driven by self-actualization and a sense of personal accomplishment (Čurčija, 2022.). An example of intrinsic motivation, which stems from internal factors and is fueled by the enjoyment and satisfaction gained from the activity itself, can be observed in employees who enjoy tackling complex problems and thrive on creative challenges, without relying on external rewards or recognition (Deci et al., 1985). On the contrary, extrinsic motivation refers to employee engagement driven by external factors such as rewards or pressures (Ryan & Deci, 2000). This form of motivation is influenced by external elements like financial rewards, praise, recognition, or the avoidance of penalties, and it depends on the motivation triggered by these external influences. For individuals with extrinsic motivation, incentives such as monetary rewards, bonuses, promotions, public recognition, as well as avoiding negative outcomes like dismissal, poor evaluations, or demotion, play a key role. In essence, extrinsic motivation comes into play when external factors like money, rewards, and recognition encourage specific actions (Čurčija, 2022.). Additionally, extrinsically motivated behavior is shaped by the perception of a situation where behavior is linked to achieving a desired outcome, such as receiving approval, tangible rewards, or avoiding negative consequences like punishment.

2.2. Designing a Reward System to Address Employee Needs and Achieve Organizational Goals

In line with the human resource management strategy and the established reward strategy, organizations develop their reward systems (Naidu and Satyanarayana, 2018). The key components of these systems include both financial and non-financial rewards, which together form the concept of total rewards (Hoole and Hotz, 2016). By addressing the needs of their employees and pursuing business objectives, organizations create a total rewards framework that combines financial and non-financial incentives for employees. In this approach, various reward aspects - such as base salary, performance-based pay, benefits, and non-financial rewards - are integrated into a unified, cohesive system. Moreover, the total rewards model highlights the importance of considering all aspects of the employment relationship that matter to employees,

not just salary and benefits. This concept also plays a vital role in offering value to employees by providing them with a clear and persuasive reason to work for a specific company (Čurčija and Ćutić, 2023).

2.2.1. Benefits as an Indirect Financial Component of Compensation

In further consideration of the financial aspects of compensation, attention will be directed towards benefits. These benefits represent an important part of the compensation package, complementing base salary and performance-based pay, and are categorized as indirect financial compensation (Bester, 2022). They significantly impact employees' quality of life throughout their careers and even into retirement. While many compensation management experts question the motivational value of benefits, they also agree that a well-designed benefits program plays a key role in creating a motivating environment that attracts individuals to specific organizations and encourages them to stay. According to Armstrong and Murlis, the goals that organizations seek to achieve through benefits are as follows (Armstrong and Murlis, 2004):

- enhancing the sense of belonging
- addressing employees' personal needs
- demonstrating the organization's commitment to the well-being of its employees
- offering an attractive and competitive reward package that attracts and retains top talent
- providing a tax-efficient reward system that reduces tax expenditures compared to equivalent cash payments

While there are various classifications of benefits in the literature, this paper will use a division into three categories (Galetić, 2015):

- pensions, personal security, and health
- benefits during work absence
- employee services

In this context, pensions, personal security, and health are categories of benefits that are primarily regulated by law and are mandatory for employers. Pension and health insurance within this category are essential benefits, and in many countries, contributions are made throughout the employee's career. Additionally, health insurance coverage varies across countries, often requiring supplementary health insurance. Also crucial for employees are accident insurance, paid sick leave, and unemployment compensation, among others. The category of benefits during work absence includes paid annual leave and paid time off. The duration of paid annual leave varies between countries. For instance, European countries typically offer longer annual vacations compared to the United States. Furthermore, employee services relate to various employee needs that employers address, thus enhancing their quality of life. Some of these benefits are mandated by law, such as protective clothing or transportation allowances. However, when it comes to

employee services, employers generally have the discretion to offer such benefits, often with the goal of maintaining competitiveness (Galetić, 2015).

In the past two decades, employers have increasingly adopted flexible benefits programs. These programs allow employees to choose from a variety of benefits within a defined budget, enabling a personalized rewards system tailored to individual employee needs (Cotton et al., 2022). Flexible benefits are introduced to enhance employees' quality of life, address diverse needs, and better understand the value and cost of each benefit and service component, as well as the overall program. They also help boost employee loyalty and motivation, while supporting efforts to attract and retain talent, as flexible options are often more appealing than fixed ones (Galetić, 2015). In line with this, research conducted by SHRM reveals that 70% of U.S. employers consider offering flexible benefits to be highly important. Additionally, employers identify health benefits (88%), retirement savings plans (81%), and annual vacations (81%) as some of the most important benefits (SHRM, 2025).

In examining the benefits provided to employees during the COVID-19 pandemic, a renewed interest in this form of indirect financial reward emerged among various employee groups. For instance, part-time workers expressed concerns about potentially limited access to benefits, while full-time employees felt their benefits packages might be insufficient. Overall, all employees raised specific questions regarding health insurance, leave policies, childcare and dependent care, as well as employee assistance programs. In response, Jobs for the Future recommended offering higher-tier rewards, such as benefit packages that extend beyond basic compensation to include employer-funded healthcare, retirement savings, and disability and life insurance (Jobs for the Future, 2021: 30). Additionally, their recommendations for rewarding employees during the pandemic included personalizing total rewards. This approach involved benefits tailored to the specific challenges employees faced, such as transportation allowances, financial planning services, and support for student loan repayments (Jobs for the Future, 2021: 33). Other HR specialists also shared their insights on the aspects of total rewards that employers could offer during the COVID-19 pandemic. These total rewards aspects mainly focused on benefits, which included the following components (Croft, 2021):

- telemedicine healthcare services – this system enabled employees to meet their healthcare needs without the need to visit a hospital in person. According to a study by Aflac, 43% of employers offered telemedicine services to their workers during the COVID-19 pandemic (Aflac, 2022).
- childcare assistance – this benefit, provided in the form of additional financial subsidies, was an invaluable support to parents during such uncertain times as the pandemic. Companies including Netflix, Nvidia, and Amazon made this benefit available as part of their COVID-19 response (Croft, 2021).
- healthcare benefits – providing coverage through this benefit or inclusion in a comprehensive healthcare system, whether for a virus or regular check-ups, offered significant relief to employees.
- Student loan repayment assistance – companies provided extensive support for repaying student loans to all their employees, regardless of their graduation date. This was especially crucial given

the uncertainty caused by the pandemic. Organizations that offered this support created a considerable competitive advantage.

- flexible working arrangements – the health crisis triggered by COVID-19 had a significant impact on mental health and overall employee performance. As a result, the pandemic pushed most companies to allow their employees to work from home. This approach helped companies navigate through the tough situation. Additionally, by offering flexible schedules, organizations aimed to positively impact employee performance.

- financial wellbeing programs – while organizations primarily focused on employee health during the pandemic, many also began to recognize the importance of financial wellbeing. In response, they introduced workshops on personal budgeting, financial management, and credit application preparation. These initiatives not only improved employees' financial literacy but also positively influenced their performance at work.

- home office allowances – when companies transitioned to remote work, it quickly became evident that many employees lacked the necessary equipment and furniture for a functional home office. To address this, organizations introduced home office allowances, enabling employees to create more comfortable and efficient workspaces. For example, companies like Google and Shopify provided financial support for purchasing essential items, helping to ease the shift to remote work." (Croft, 2021).

Furthermore, although employee wellbeing was initially a top priority as one of the key benefit options during the COVID-19 pandemic, many analysts had predicted that this focus would shift as the crisis began to subside. However, contrary to these predictions, the results of the AON global survey revealed the opposite. Employee wellbeing continues to be a priority, with its significance increasing in recent years. In fact, 71% of companies believe that career development, along with the physical, emotional, financial, and social wellbeing of employees, is a crucial component of their overall reward strategy (AON, 2023).

3. Empirical Research on Employee Benefits in Croatian Companies

3.1. Research Subject and Hypotheses

While the research topic was briefly outlined in the article's abstract, it is useful to restate that this study focuses on analyzing how employee benefits are structured and implemented as a form of employee compensation in Croatian companies-both during the COVID-19 pandemic and in its aftermath, particularly throughout 2024. In line with this, the basic hypothesis has also been formulated and it reads as follows:

The COVID-19 pandemic triggered changes in the availability of employee benefits in Croatian companies

To facilitate a more comprehensive analysis of the main hypothesis, the following two supporting hypotheses have been proposed.

Supporting Hypothesis 1.1: *Expanding the availability of employee benefits contributes to increased employee satisfaction in Croatian companies*

Supporting Hypothesis 1.2: *Employee benefits are an effective tool for motivating human resources in Croatian companies*

3.2. Methodological Framework of the Research

To explore changes in the provision of employee benefits in Croatian companies resulting from the COVID-19 pandemic, this study adopts a quantitative research approach. Quantitative methods enable the numerical analysis of phenomena and support the generalization of causal relationships across a broader population. As such, this approach is particularly appropriate for examining shifts in employee benefit offerings during and after the COVID-19 pandemic.

Research instrument

The research instrument was developed in the form of a structured survey questionnaire used for the quantitative portion of the study. The questionnaire was designed to gather respondents' opinions on various statements related to the research topic. It consists of 28 questions: five collect demographic data, eighteen assess employee satisfaction with the benefits offered by their current employer, three focus on the introduction of benefits during the COVID-19 pandemic and following the lifting of pandemic-related measures, and one question gathers respondents' views on the overall state of employee benefits in Croatian companies. Most of the questions regarding benefit offerings during and after the pandemic were based on templates provided by the company Mazars (Mazars, 2017) and informed by insights from existing literature on employee compensation (Galetić, 2015; Armstrong & Murlis, 2004).

Measures

In this study, the independent variables encompass various categories of employee benefits, including retirement plans; personal safety and health (such as basic and supplementary health insurance, life insurance, etc.); leave-related benefits (e.g., paid vacation, personal days, short-term leave for personal reasons); employee services (including flexible working hours, remote work, childcare support); and flexible benefit programs.

Further independent variables include additional health insurance, legal and financial counseling, elder care, career counseling services, and others.

To enable statistical analysis, respondents' attitudes were measured using a Likert scale. Most responses were coded on a scale from 1 to 5, while some items used a 1 to 10 scale. In both cases, the number 1 represents the lowest level of agreement or intensity, and the number 5 or 10 the highest.

Sample

A detailed analysis of the target population indicated that responses from both employees and managers would provide valuable insights, given their distinct roles within organizations. As such,

the empirical research included male and female participants employed in both the public and private sectors, ranging in age from 18 to over 60 years. In line with this, the final research sample comprised of a 72 respondents. The survey was conducted between mid-June and the end of August 2024, using a structured online questionnaire created in Google Forms. The questionnaire was distributed via social media platforms including Facebook, LinkedIn, and WhatsApp.

Data Analysis Methodology

To examine the stated hypotheses and fulfill the research objectives, various scientific research methods were applied throughout the study. The initial phase utilized the descriptive method to outline key concepts and context. Subsequently, additional statistical methods were employed, including analysis and synthesis, compilation, sampling, comparison, classification, and generalization techniques.

3.3. Data Analysis and Empirical Research Results

The quantitative research findings are divided into four sections. The first section uses descriptive statistics to summarize the general and demographic characteristics of the survey participants. This method is also employed to present results regarding employee satisfaction with the benefits offered and the influence of the COVID-19 pandemic on changes in benefit programs.

3.3.1. General and Demographic Data

The first part of the research presents general and demographic data, covering respondents' gender, employment sector, age, and level of education. The gender distribution of the respondents is illustrated in Figure 1. Out of the total sample of seventy-two participants, 29 (40.3%) are male, and 43 (59.7%) are female.

Gender
 72 responses

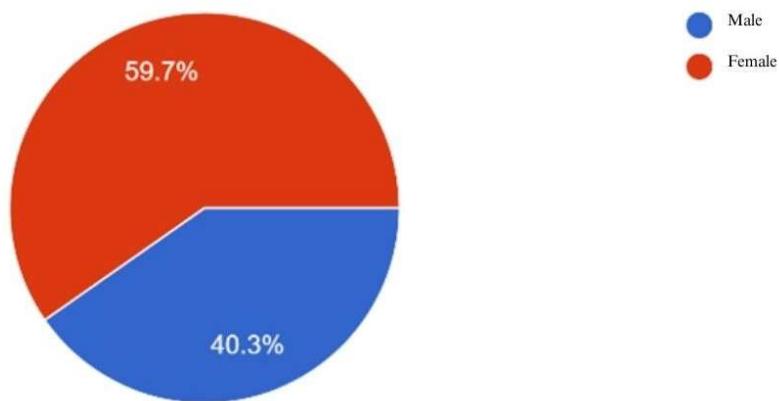


Figure 1. Gender distribution

Source: the authors

Figure 2 illustrates the employment sectors of the respondents. The majority, 61 individuals (84.7%), work in the private sector, while 11 respondents (15.3%) are employed in the public sector.

The respondent's employment sector
 72 responses

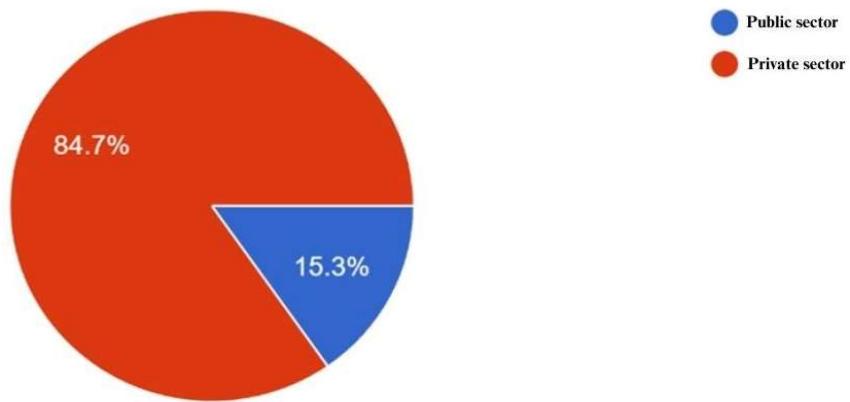


Figure 2. The respondent's employment sector

Source: the authors

The age distribution of the respondents is presented in Figure 3. The largest group, comprising 73.6%, falls within the 25 to 44 age range, while the smallest group, at 4.2%, is between 18 and 24 years old. Additionally, 9.8% of respondents are aged 55 and over.

The respondent's age
72 responses

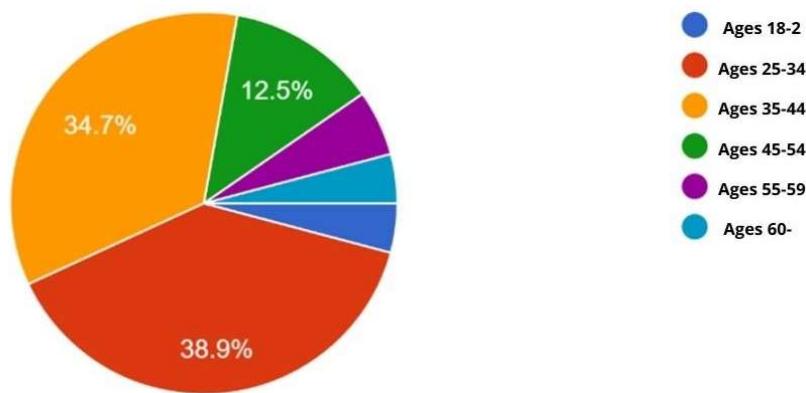


Figure 3. The respondent's age
Source: the authors

Figure 4 presents the distribution of respondents' educational qualifications. The data shows that 2 respondents (2.8%) completed a three-year vocational program, while 5 respondents (6.9%) have a high school diploma. Nineteen respondents (26.4%) completed four- or five-year vocational training. Eleven respondents (15.3%) hold a higher educational degree, and equal percentages of respondents - 3 respondents (4.2%) each have a professional bachelor's degree and a bachelor's degree. Additionally, 11 respondents (15.3%) are professional specialists, and 17 respondents (23.6%) have a master's degree. No respondents reported holding a doctoral degree.

Professional educational level
72 responses

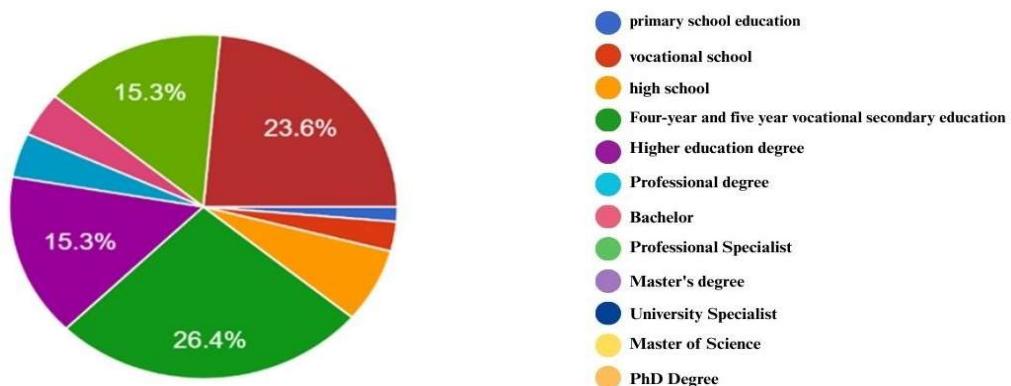


Figure 4. Professional education level
Source: the authors

3.3.2. Satisfaction with Benefits at Current Employment

The second section of the survey, encompassing questions 6 through 24, focuses on employee satisfaction with the benefits provided by their current employer. These benefits are analyzed across three main categories: retirement, personal security and health; benefits during periods of absence from work; and employee support services. The purpose of these questions was to gain insights into the types of benefits offered by Croatian companies and to assess the overall diversity of those benefits. Accordingly, Chart 1 illustrates the responses to the question concerning benefits related to retirement, personal security, and health provided by current employer. Basic health insurance is available to 62 respondents (86.1%), while 16 respondents (22.2%) have access to supplementary health insurance, and 11 (15.3%) to additional health insurance. Accident insurance is offered to 14 respondents (19.4%), life insurance to 5 respondents (6.9%), and travel insurance to 6 respondents (8.3%). Additionally, 41 respondents (56.9%) reported having access to paid sick leave. Only 4 respondents (5.6%) receive unemployment compensation as a benefit, and severance pay is available to 16 respondents (22.2%).

Question - Which of the following benefits in the category of retirement, personal safety, and health does your employer provide?

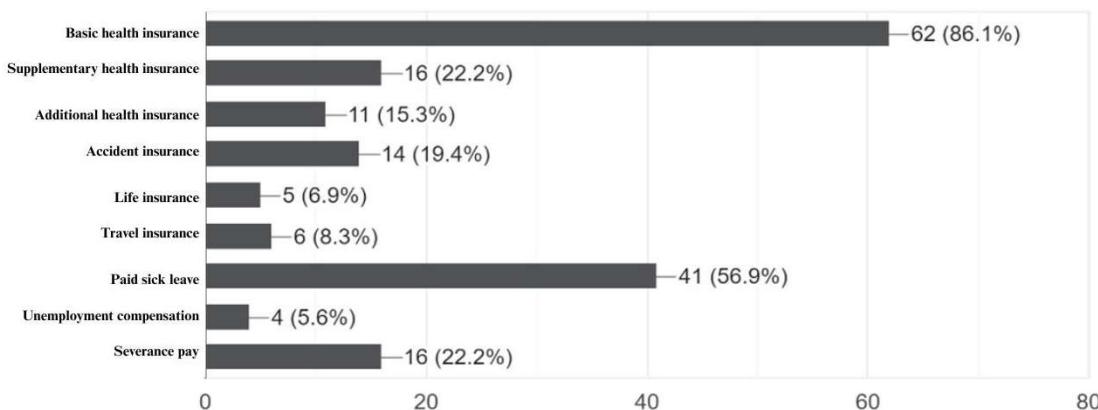


Chart 1: Benefits Related to Retirement, Personal Safety, and Health

Source: the authors

Chart 2 shows the responses regarding time-off benefits provided by current employers. Paid vocational leave is available to 60 respondents (83.3%), while 38 (52.8%) receive paid public holidays. Short-term personal leave is offered to 45 respondents (62.5%), and 46 (63.9%) have access to additional days off. Leave for professional training or development is available to 30 respondents (41.7%). Breaks during the workday, such as rest or meal breaks, are available to 37 respondents (51.4%). Paid maternity leave is provided to 43 respondents (59.7%), while adoption leave is available to only 18 respondents (25%). Career breaks or sabbatical are the least accessible, available to just 7 respondents (9.7%).

Question - Which of the following benefits related to employee leave from work does your employer offer?

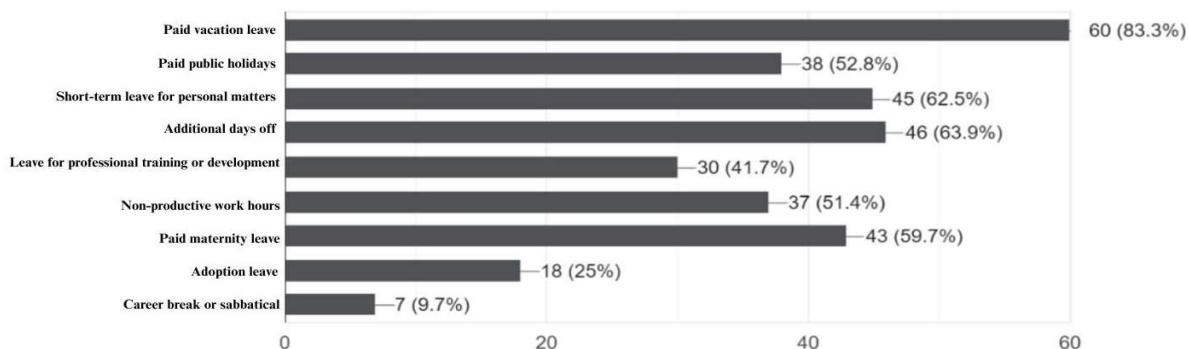


Chart 2: Benefits During Employee Leave

Source: the authors

Chart 3 illustrates the responses to the question regarding which of employee services benefits are provided by current employer. Accordingly, flexible working hours are available to 36 respondents (50%), and 29 respondents (40.3%) have the option to work from home. Discounts and memberships for retail stores, sports activities, wellness programs, and similar services are offered to 23 respondents (31.9%). Free training and development programs is available to 30 respondents (41.7%), while educational support for employees' children is provided to only 3 respondents (4.2%).

Transportation allowances are covered for 42 respondents (58.3%). Financial and legal counseling services are offered to just 4 respondents (5.6%), and career counseling is available to 5 respondents (6.9%). Childcare support is offered to only 1 respondent (1.4%), and none reported access to eldercare services.

A company car is available to 10 respondents (13.9%), and meal-related benefits are provided to 17 (23.6%). Favorable employee loan options are accessible to 9 respondents (12.5%), while only 2 (2.8%) reported receiving relocation support. Holiday and milestone gifts are given to 26 respondents (36.1%).

Company product discounts are available to 14 respondents (19.4%), and 19 (26.4%) receive professional work attire. Laptops and/or mobile devices are provided to 39 respondents (54.2%), and mobile phone expenses are covered for 25 (34.7%). Housing costs are paid for 5 respondents (6.9%).

Service anniversary awards are granted to 20 respondents (27.8%). Christmas bonuses are received by 60 respondents (83.3%), while Easter bonuses are reported by 29 respondents (40.3%). Vacation bonus is provided to 31 respondents (43.1%), and 7 respondents (9.7%) have access to a company credit card.

Question - Which of the following employee service benefits are provided by your employer?

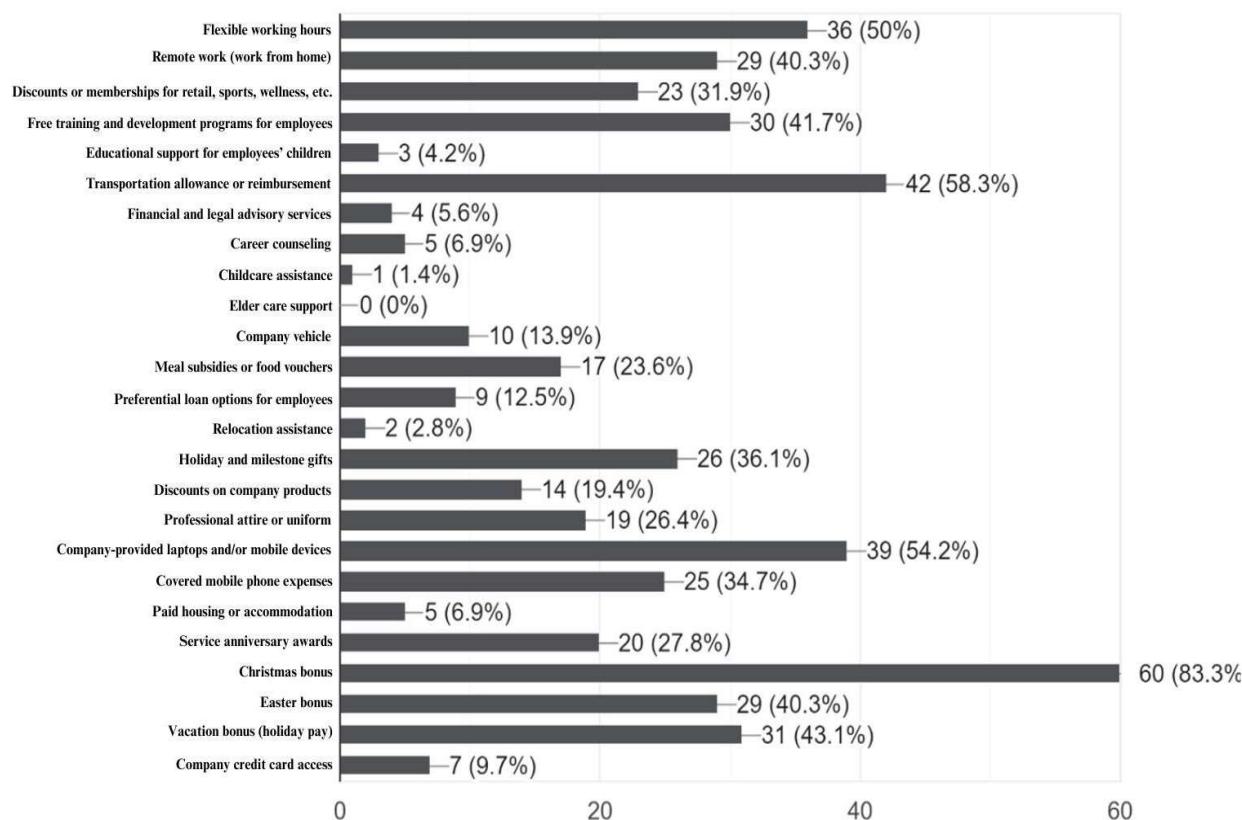


Chart 3: Employee Service Benefits

Source: the authors

Figure 5 presents the responses to the question: *Does your employer provide flexible benefits programs (giving employees the option to select from various benefits within the limits set by the employer)?* Only 7 respondents (9.7%) reported having access to such a program, while the majority - 65 respondents (90.3%) - stated that no flexible benefits program is available to them. A follow-up question invited those with access to flexible benefits to provide further details. Of the seven who responded positively, only two provided additional information. One respondent mentioned they had not yet utilized the program, while the other explained that the available benefits depend on individual agreements made with the employer.

Question - Does your employer provide flexible benefits programs (giving employees the option to select from various benefits within the limits set by the employer)?

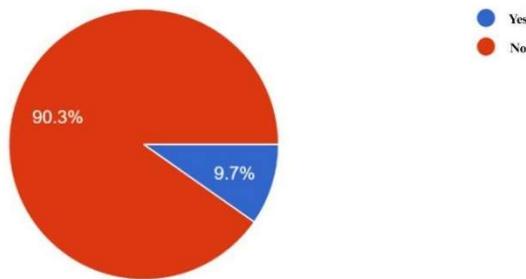


Figure 5: Flexible Benefits Program

Source: The authors

Chart 4 shows the responses to a question where participants were asked to identify which employee benefits they consider particularly important. Flexible working hours were marked as highly important by 51 respondents (70.8%). Remote work was valued by 42 respondents (58.3%). Childcare was considered important by 23 respondents (31.9%), and elder care by 11 respondents (15.3%). A child allowance was important to 29 respondents (40.3%), while paid time off was valued by 48 respondents (66.7%). Discounts and memberships in retail chains, sports activities, etc., were seen as important by 20 respondents (27.8%). Christmas/Easter bonuses and vacation pay were identified as important by 61 respondents (84.7%). Anniversary rewards were mentioned by 33 respondents (45.9%). Additional health insurance was valued by 36 respondents (50%), and supplementary health insurance by 26 respondents (36.1%). Covered transportation allowances were important to 53 respondents (73.6%), and company vehicles to 21 respondents (29.2%). Work laptops or mobile devices were important for 34 respondents (47.2%). Severance pay upon leaving the organization was valued by 36 respondents (50%).

Legal and financial counseling services were important to 16 respondents (22.2%). Company credit card usage was relevant to 7 respondents (9.7%). Only 1 respondent (1.4%) found early retirement, enhanced pension contributions (third pillar), or additional vacation days to be important.

Question: Based on your preferences, please select the benefits you consider most important

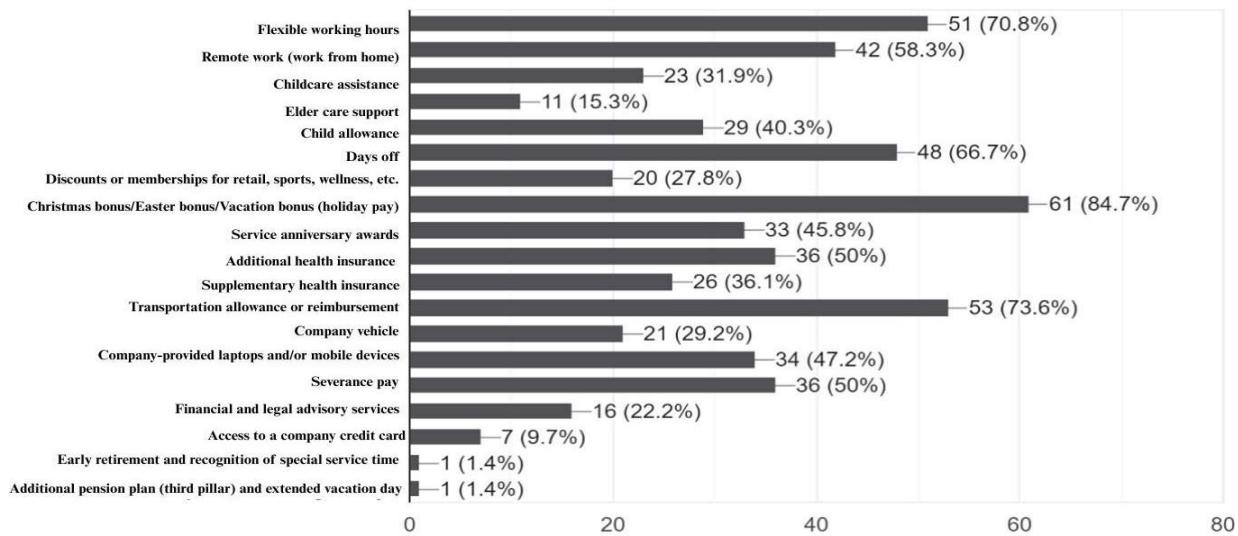


Chart 4: Particularly important benefits

Source: the authors

Chart 5 presents the responses to the question regarding satisfaction with flexible working hours. The scale ranges from 1 ("Dissatisfied") to 5 ("Satisfied"). Specifically, nine respondents (12.5%) select 1, eight respondents (11.1%) select 2, twelve respondents (16.7%) select 3, fifteen respondents (20.8%) select 4, and twenty eight respondents (38.9%) select 5.

Question: Select the statement that best reflects your satisfaction with the flexibility of your working hours.

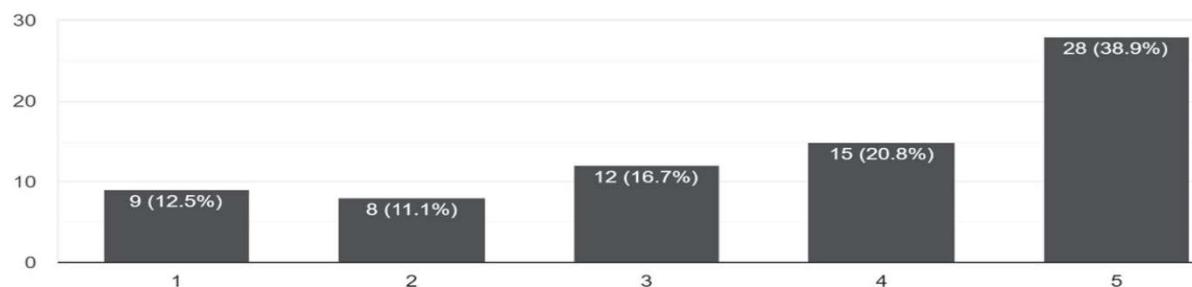


Chart 5. Satisfaction with working hours flexibility

Source: the authors

Chart 6 illustrates respondents' satisfaction with the option to work from home, rated on a scale from 1 ("Dissatisfied") to 5 ("Satisfied").

The results show the following distribution:

- 22 respondents (30.6%) selected 1
- 5 respondents (6.9%) selected 2
- 11 respondents (15.3%) selected 3
- 13 respondents (18.1%) selected 4

- 21 respondents (29.2%) selected 5

These results suggest that while significant portions of respondents are satisfied with remote work, a notable number expressed dissatisfaction as well.

Question: Select the statement that best reflects your satisfaction with the option to remote work.

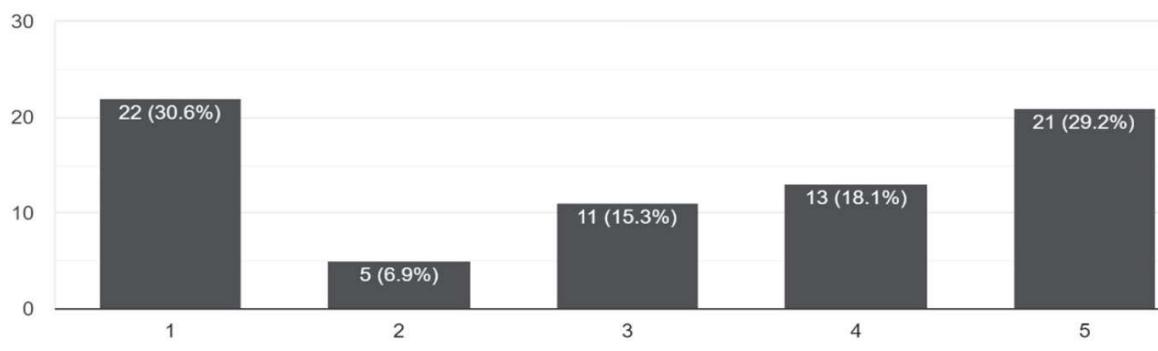


Chart 6. Satisfaction with remote work

Source: the authors

Chart 7 displays respondents' satisfaction with the benefits package offered by their employer, measured on a scale from 1 ("Dissatisfied") to 10 ("Extremely satisfied"). The distribution of responses is as follows:

- 1 - 6 respondents (8.3%)
- 2 - 4 respondents (5.6%)
- 3 - 8 respondents (11.1%)
- 4 - 3 respondents (4.2%)
- 5 - 15 respondents (20.8%)
- 6 - 6 respondents (8.3%)
- 7 - 6 respondents (8.3%)
- 8 - 10 respondents (13.9%)
- 9 - 7 respondents (9.7%)
- 10 - 7 respondents (9.7%)

The results indicate a broad range of satisfaction levels, with the largest group of respondents rating their satisfaction at the midpoint (5), while a notable portion expressed moderate to high satisfaction.

Question: How satisfied are you with the benefits package provided by your current employer?

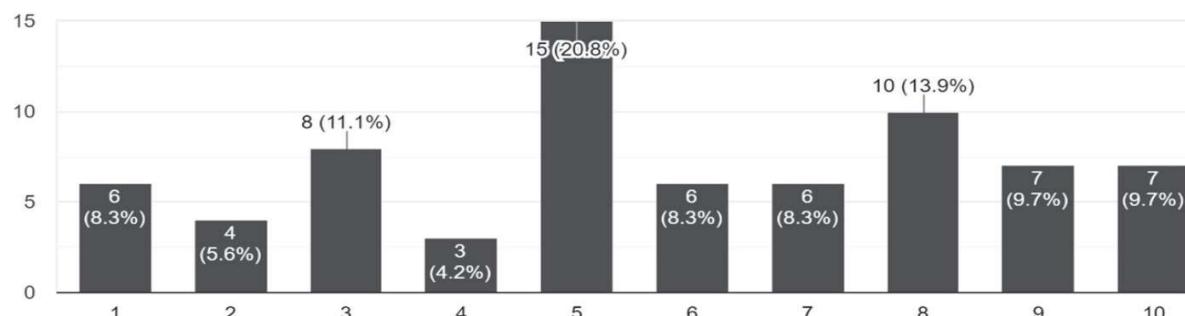


Chart 7. Satisfaction with your current employer's benefits package

Source: the authors

Chart 8 illustrates how respondents perceive the role of employee benefits as a motivational tool for achieving better business results. Participants rated their agreement on a scale from 1 (*"I do not consider benefits a motivator"*) to 10 (*"I strongly consider benefits a motivator"*). The responses were distributed as follows:

- 1 - 1 respondent (1.4%)
- 2 - 0 respondents
- 3 - 1 respondent (1.4%)
- 4 - 2 respondents (2.8%)
- 5 - 1 respondent (1.4%)
- 6 - 4 respondents (5.6%)
- 7 - 9 respondents (12.5%)
- 8 - 21 respondents (29.2%)
- 9 - 5 respondents (6.9%)
- 10 - 28 respondents (38.9%)

The majority of respondents favored the upper end of the scale, reflecting a clear perception that workplace benefits effectively motivate employees.

Question: Do you consider benefits to be a motivator for achieving better business results?

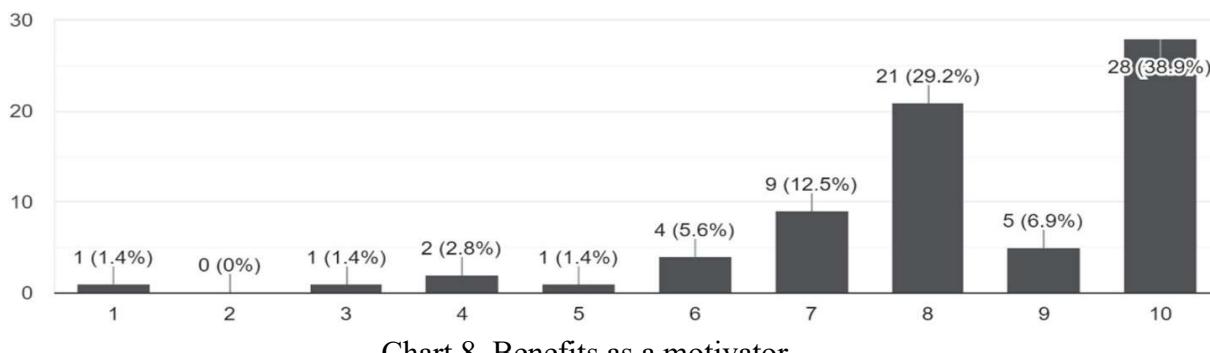


Chart 8. Benefits as a motivator

Source: the authors

Chart 9 shows how respondents rated the impact of the COVID-19 pandemic on changes in employee benefit offerings in Croatian companies.

Using a scale from 1 ("the pandemic did not trigger changes") to 5 ("the pandemic strongly triggered changes"), the responses were distributed as follows:

- 9 respondents (12.5%) selected 1
- 5 respondents (6.9%) selected 2
- 15 respondents (20.8%) selected 3
- 26 respondents (36.1%) selected 4
- 17 respondents (23.6%) selected 5

The findings suggest that the majority of respondents believe the pandemic has significantly influenced changes in employee benefits.

Question: To what extent do you think the COVID-19 pandemic led to changes in employee benefits offerings in Croatian companies?

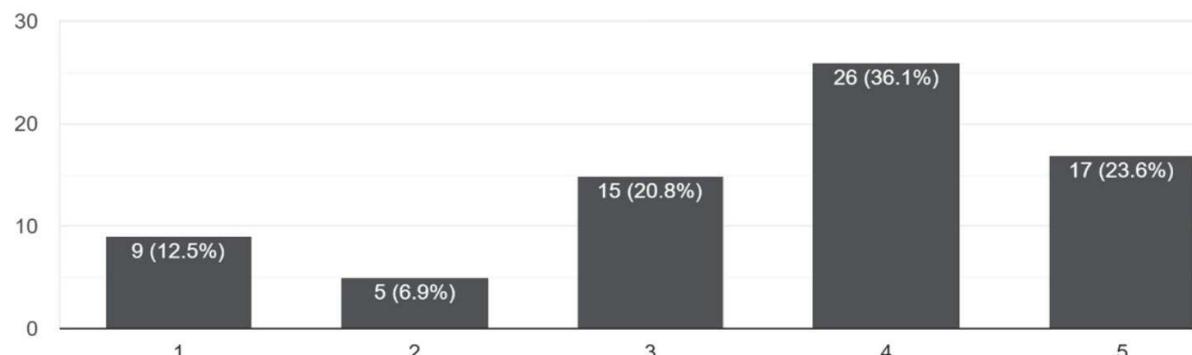


Chart 9. Benefits during the COVID-19 pandemic

Source: the authors

Figure 6 illustrates the responses to the question of whether workplace benefits introduced during the COVID-19 pandemic remained in effect after the lifting of restrictions. The responses were distributed as follows:

- for 12 respondents (16.7%), all pandemic-related benefits continued after the measures were lifted.
- 26 respondents (36.1%) reported that their employer did not introduce any new benefits during the pandemic.
- 11 respondents (15.3%) stated that all pandemic-related benefits were discontinued once restrictions ended.
- 23 respondents (31.9%) noted that only some of the benefits introduced during the pandemic were retained afterward.

Question: Have the employee benefits introduced at your workplace during the COVID-19 pandemic remain in place after the measures were lifted?

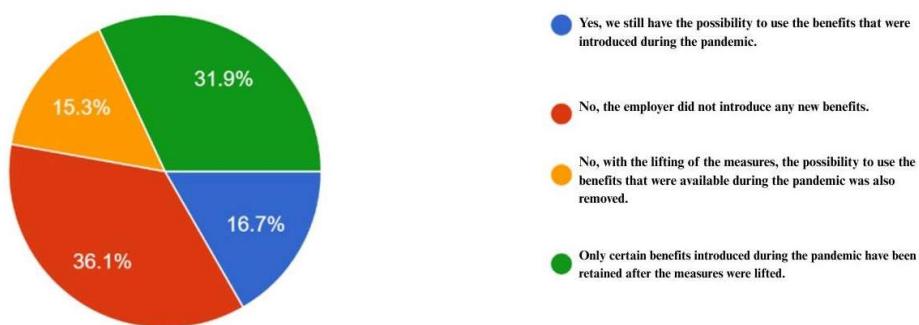


Figure 6. Removal of benefits

Source: the authors

Chart 10 presents the responses to a question about which benefits employers introduced during the COVID-19 pandemic. The distribution of responses is as follows:

- remote work was the most common measure, implemented for 46 respondents (63.9%)
- flexible working hours were introduced for 28 respondents (38.9%)
- provision of laptops or mobile phones was reported by 23 respondents (31.9%)
- partial reimbursement of remote work expenses was introduced for 7 respondents (9.7%)

Additional responses included:

- no benefits were introduced - 3 respondents (4.2%)
- adjusted work schedules and time off - 1 respondent (1.4%)

- none of the listed options applied - 1 respondent (1.4%)
- all of these benefits were already in place before COVID - 1 respondent (1.4%)

Question: Please select the benefits your employer introduced as measures during the COVID-19 pandemic.

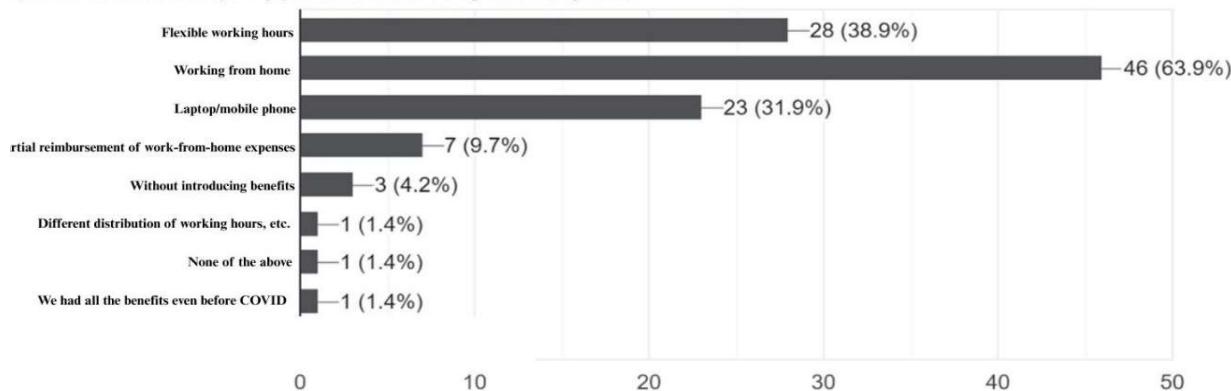


Chart 10. Benefits as a pandemic measure

Source: the authors

3.3.2. Evaluation of Research Hypotheses

H01: The COVID-19 pandemic triggered changes in the availability of employee benefits in Croatian companies.

The empirical research results support this hypothesis. Specifically, 59.7% of respondents believe that the pandemic prompted changes in benefit offerings. Additionally, 20.8% provided a neutral response and only 19.4% believe that the pandemic did not influence any changes in benefits offered.

Supporting Hypothesis 1.1: Expanding the availability of employee benefits contributes to increased employee satisfaction in Croatian companies.

This hypothesis is supported by the findings, with 41.7% of respondents expressing satisfaction. Furthermore, 33% remained neutral, and 25% reported dissatisfaction with the benefit packages offered by their current employers.

Supporting Hypothesis 1.2: Employee benefits are an effective tool for motivating human resources in Croatian companies. Findings from the empirical research support this hypothesis. Specifically, 93.1% of respondents agreed with the statement to some degree, while only 6.9% did not consider benefits as a motivating factor.

4. Conclusion

The research findings highlight the need to introduce more flexible and diverse employee benefit programs. In particular, flexible programs that allow for a personalized system of rewards based on individual employee needs are gaining importance. However, the study conducted for this paper revealed that such flexible benefits are still rarely used in Croatian companies, continuing a

concerning trend. This is especially noteworthy given that the adoption of flexible benefits is currently a leading trend in human resource management in modern organizations. Consequently, it would be reasonable to conduct further research in Croatian companies to gather and analyze data and to develop recommendations for a more structured approach to offering flexible benefit programs.

Although nearly 60% of respondents indicated that the COVID-19 pandemic prompted changes in employee benefit offerings within Croatian companies, it's noteworthy that only a few of the benefits introduced during the pandemic have been retained after the restrictions were lifted. This raises an important question: if proven benefits from a time of crisis are not being continued, what other options do employers plan to use to attract, retain, and motivate their workforce?

The motivational value of employee benefits was also confirmed through the research conducted for this paper. Therefore, employers now face the challenge of developing benefit programs that are thoughtfully designed and aligned with the actual needs of their employees.

Moreover, enhancing flexibility, introducing new types of benefits, and raising awareness about the role of benefits in attracting and retaining talent can greatly improve both business outcomes and employee satisfaction. Equally important is fostering clearer and more effective communication between employers and employees to better explain the components and value of benefit packages. Employers should also take a thoughtful approach to understanding the cost implications of these benefits. By doing so, they can gain a deeper appreciation of the importance, value, and financial investment involved in providing them.

One limitation of this study is the relatively small sample size, which may affect the overall accuracy and generalizability of the findings. As a result, the applicability of the conclusions may be limited when considering companies operating in different environments or countries.

Looking ahead, future research in this field should, from an employer's perspective, focus on identifying which aspects of employee benefits are most influential when individuals choose a prospective employer. Understanding these preferences can help employers design benefit programs that effectively attract their desired talent pool.

Research should also explore the long-term impact of the COVID-19 pandemic on the evolution of benefit offerings across different business environments. Additionally, examining employee satisfaction with benefits across various demographic groups—especially among younger employees—would provide valuable insights. This includes Millennials, who are already active in the workforce, and members of Generation Z, who are beginning to enter it. These younger generations tend to have a distinctly different perspective on employers and the benefit packages offered, compared to previous generations.

Due to the constraints outlined in the paper guidelines, this paper presents only a limited segment of the quantitative research conducted on how Croatian companies managed employee benefits as a form of compensation during and after the COVID-19 pandemic.

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