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**IMPROVING THE COMPETITIVENESS OF THE ENTERPRISE
THROUGH THE STAFF MOTIVATION ON THE EXAMPLE OF
STA TEHNIKS OÜ**

Bachelor's thesis in Business Administration

Supervisor:
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I declare that I have prepared the Bachelor's thesis independently and I have referred to all used in compiling the work works, important views and data of other authors, and has not previously submitted the same work for credits. The length of the work is 11422 from the introduction of the word to the end of the summary.

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ABSTRACT

Currently, for many small firms, the issue of increasing sales and profits is an acute issue. This requires increasing competitiveness in the market, the search for competitive advantages. High-quality and effective work of the staff is one of such advantages. It is difficult to create a motivation system for small enterprises with a small number of employees, since the resources of such enterprises are limited, there is no system of promotion and career growth. However, there should be other ways to stimulate employees - to increase sales and work better for the good of the enterprise, even when employed.

The object of research is the company STA tehniks OÜ.

The aim of this work is to develop an employee motivation system STA tehniks OÜ to increase the competitiveness of the enterprise.

The first chapter of the work considers the theoretical foundations of enterprise competitiveness, staff motivation and its impact on competitiveness. The second chapter of the paper discusses methods for analyzing competitive advantages and motivation systems. The third chapter analyzes the performance of STA tehniks OÜ, compares the activities of STA tehniks OÜ with competitors, analyzes the staff motivation system of STA tehniks OÜ and studies its impact on competitiveness, and proposes to improve the motivation system based on the analysis.

Keywords: competitiveness, competitive advantages, staff motivation, incentive system

INTRODUCTION

In modern conditions, the cost of labor in the EU countries is constantly increasing. This is due to the general economic growth, which is also characteristic of Estonia. The state also increases the minimum wage, which also stimulates growth. At the same time, rising costs without increasing profit makes a business uncompetitive, reduces profitability, and can cause losses. Currently, for many small firms, the issue of increasing sales and profits is an acute issue. This requires increasing competitiveness in the market, the search for competitive advantages. High-quality and effective work of the staff is one of such advantages. However, for the company's personnel to work efficiently and efficiently, a properly built motivation system, a system of tangible and intangible incentives for employees is needed. All these problems make the topic of improving the motivation system even in small enterprises relevant. The author wants to understand the current system of motivation for a small enterprise that sells and installs security systems (STA tehniks OÜ, Tallinn), in the problems of motivation for the personnel of this company. It is necessary to connect the competitiveness and competitive advantages of the company with the motivation system.

The author is also interested in developing a new motivation system for STA tehniks OÜ, which would increase the competitive advantages of the enterprise. This should increase the sales and financial results of the company.

Research problem: It is difficult to create a motivation system for small enterprises with a small number of employees, since the resources of such enterprises are limited, there is no system of promotion and career growth. However, there should be other ways to stimulate employees - to increase sales and work better for the good of the enterprise, even when employed.

The object of research is the company STA tehniks OÜ.

The aim of this work is to develop an employee motivation system STA tehniks OÜ to increase the competitiveness of the enterprise.

Research questions:

- 1) What is the competitiveness of the enterprise and what are its factors?
- 2) What is staff motivation and what types does it have?
- 3) How is motivation related to competitiveness?
- 4) How can you evaluate the competitiveness and motivation system of STA tehniks OÜ?
- 5) How can STA tehniks OÜ small business motivation be changed to increase its competitive advantages, sales and profit?

Methodology:

To draw up a thesis, the author uses both qualitative and quantitative methods.

Qualitative Method:

- 1) Comparison of the enterprise's business with competitors.
- 2) Analysis of the current motivation system.
- 3) SWOT analysis.
- 4) An interview with the chairman of the board of the enterprise.
- 5) Interviews with employees.

Quantitative method:

- 1) Analysis of economic indicators of the enterprise (sales, expenses, operating and net profit, their dynamics).
- 2) Analysis of staff costs.
- 3) Analysis of labor productivity.

The work consists of three chapters. The first chapter of the work considers the theoretical foundations of enterprise competitiveness, staff motivation and its impact on competitiveness. The second chapter of the paper discusses methods for analyzing competitive advantages and motivation systems. The third chapter analyzes the performance of STA tehniks OÜ, compares the activities of STA tehniks OÜ with competitors, analyzes the staff motivation system of STA tehniks OÜ and studies its impact on competitiveness, and proposes to improve the motivation system based on the analysis.

1. THEORETICAL BACKGROUND

In this chapter, theoretical aspects of competitiveness are considered - the concept and factors of competitiveness are studied, the essence of personnel motivation and its influence on competitiveness are studied, the research task is set.

1.1. The concept and factors of enterprise competitiveness

The importance of studying the competitiveness of an enterprise is explained by the fact that the competitiveness of the entire economy of the country directly depends on the competitiveness of individual business units (enterprises) (Gribov, Lozik 2016). Competition between enterprises leads to an increase in the quality of goods and services, customer service, which as a result positively affects the socio-economic development of the country.

There are various positions regarding the interpretation of enterprise competitiveness. Z.A. Divnenko and D.G. Maslov believe that the competitiveness of an enterprise is a group of economic characteristics that characterize the enterprise in the market and form the economic conditions for the production and sale of products (Divnenko, Maslov 2015). According to Y.V. Kovtunenکو and O.A. Grabovenko, enterprise competitiveness is the ability to produce enterprise products quickly, cheaply, efficiently and sell them in sufficient quantities at a high technological level of service (Kovtunenکو, Grabovenko 2016). According to D.S. Belousova, enterprise competitiveness is such a characteristic of the enterprise that shows how much the company can provide its competitive advantages and profitability, adapt to constantly changing environmental conditions (Belousova 2016, 72).

The task of any enterprise is to ensure its own competitiveness. This task is entrusted to management systems and mechanisms. In addition to them, a certain role in the process of ensuring competitiveness can also be played by interested parties - investors, creditors, consumers, contractors, representatives of state authorities. The activities of interested parties in disseminating positive information about the enterprise in the market are of favorable value.

The competitiveness of the enterprise has the following key characteristics. First, relativity means that the competitiveness of an enterprise can be determined by comparing it with certain competitors. In this connection, an enterprise may be more competitive than some enterprises, but at the same time, be inferior to other enterprises in terms of the same characteristics. Therefore, in order to determine the level of competitiveness, it is necessary to create a comparison base, including the most successful enterprises. Secondly, objectivity means that they select a specific object - an enterprise and examine its competitiveness in comparison with similar objects. Thirdly, dynamism means that competitiveness is influenced by various environmental factors, as a result of which it changes for better or worse. The financial and economic crisis can have the most adverse effect, when even the most competitive enterprises can go bankrupt. Fourth, integration means that when studying competitiveness, all components of an enterprise are important (products, profitability, market share, etc.), only in this case an understanding of competitiveness will be complete. Fifth, belonging to a specific market means that the competitiveness of an enterprise is revealed in a particular market depending on the scale and scope of the enterprise. Sixth, the need for purposeful formation means that the company should set a goal for the development of commodity activities, as well as technological, industrial, financial, innovative, investment, marketing. Otherwise, it will not be competitive. It is important to achieve high results at all management levels. Seventhly, uniformity means that all enterprises participating in the market must equally understand competitiveness. Then it will be possible to avoid differences in interpretations, estimates, indicators, and also to prevent the deliberate manipulation of information and the distortion of the competitiveness parameters of individual enterprises. Areas in which it is possible to achieve competitive advantages are presented in table 1.

Table 1. Areas in which it is possible to achieve competitive advantage

Spheres	Spheres
Products	High quality, low price, quality service, large assortment, originality of products, product popularity, environmental benefits of products.
Technology	The use of modern technical means in the manufacture of products, high quality technological processes at all levels of management, automation of production processes.
Financial and economic sphere	High revenue, profit, profitability, liquidity, solvency, financial independence, business activity, creditworthiness, market capitalization.
Staff	High level of professionalism, competence, creativity, initiative of the staff.
Management	An effective management system, including a flexible organization management structure, the use of strategic and tactical planning tools,

	an effective motivation system, good control over all stages of work, timely regulation of all processes, the formation of the process of implementing effective management decisions at all levels.
Marketing	Developed market demand monitoring system, the use of effective advertising tools, the use of public relations.

Source: Sayfidinov, Vezhlev (2017)

Given the areas in which it is possible to achieve competitive advantages, B.S. Sayfidinova and D. A. Vezhleva offer the following ways to increase the competitiveness of products: introduce technical and economic innovations; to adjust the quality composition of products and their technical and economic characteristics, taking into account the requirements of customers, to improve the reliability of products; to develop the advantages of products in comparison with substitute goods); to study the advantages and disadvantages of competitors and use the results in the production of their own products; learn new ways to competitors; apply measures to increase reliability, efficiency, increase the life of products, improve product design; apply price factors to increase demand for products (Sayfidinov, Vezhlev 2017).

For the effective functioning of the enterprise, it is necessary to study the factors affecting competitiveness. Competitiveness factors are circumstances that affect the level and nature of an enterprise's competitiveness. Factors of enterprise competitiveness act systemically. Previously, competitiveness depended mainly on these three main factors — natural resources, labor, and capital. Over time, the number of factors increased, the reason for which was the development of production, technological progress and the processes of globalization in modern society. Part of the factors relates to the external environment, part to the internal. It is more important for an enterprise to focus on internal competitiveness factors, since it can influence them. However, external factors also need to be monitored and timely respond to them. Factors of enterprise competitiveness are presented in Figure 1.

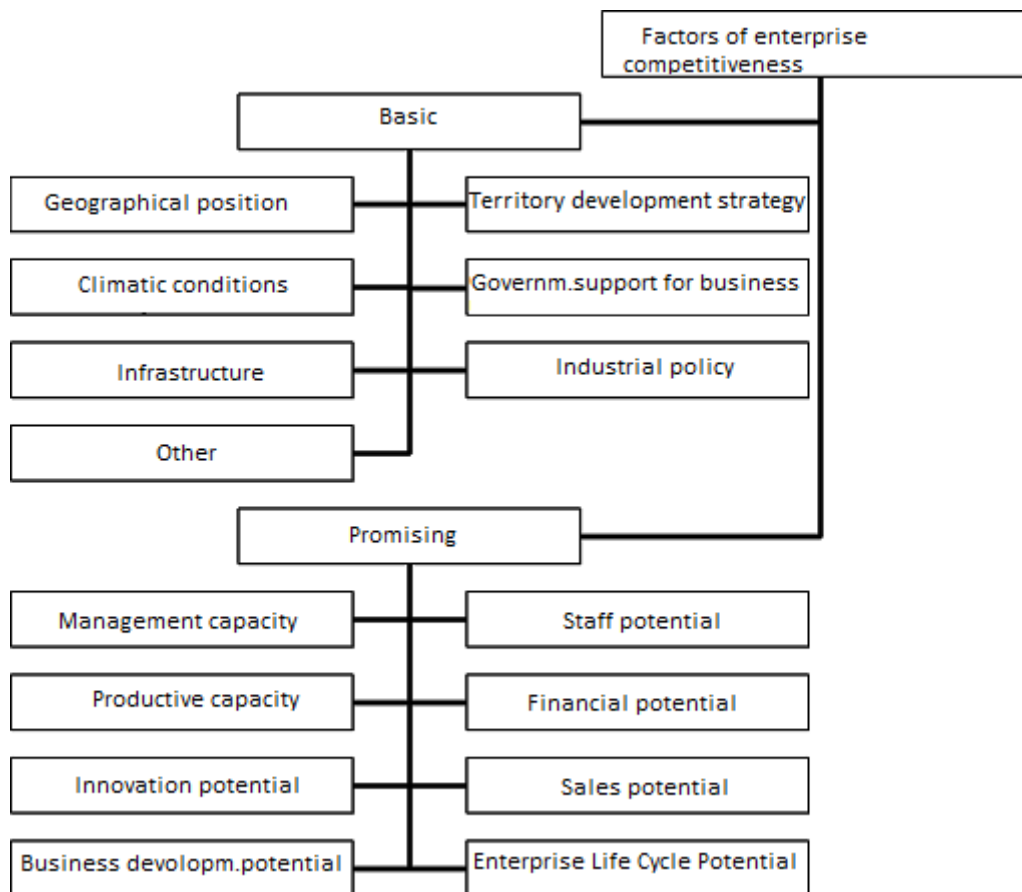


Figure 1. Factors of enterprise competitiveness

Source: Astakhova, Leshcheva (2019)

Significant factors of competitiveness include personnel. This is noted by many scientists. According to O.I. Dobre, compared to financial resources, human resources have the ability to create competitive advantages for their organizations (Dobre 2013). From the point of view of Y. Amirbekuly, G.S. Ukubasova, T.T. Kaskin, people are the competitive wealth of any enterprise. Staff must be developed along with other resources to achieve strategic goals. Effective work and competitiveness of the enterprise as a whole can be achieved through three components: competitive products, competitive technologies and methods of organizing production and labor, as well as competitive personnel (Amirbekuly, Ukubasova, Kaskin 2017).

Thus, the competitiveness of an enterprise is an economic category that shows how effective the activities of one enterprise are compared to others. Competitiveness factors are circumstances that affect the level and nature of an enterprise's competitiveness. External factors are: territorial location, state policy and support, infrastructure and others, the main internal factors are: personnel, finance, sales, innovation, production, management. Personnel (personnel of the enterprise) are the most significant factor affecting the competitiveness of the enterprise. Proper

personnel management, including search, training, rotation, motivation, allows the company to be more competitive. The impact on competitiveness of a separate component of personnel management - motivation is discussed in the next paragraph in more detail.

1.2. Personnel motivation and its impact on competitiveness

The relationship of staff motivation and enterprise competitiveness was noted by many researchers in their work. This is logical, since motivation involves improving labor productivity and the quality of staff's work, which increases its competitive advantages and leads to increased competitiveness.

Consider individual points of view on this issue. Sarker M.F. believes that motivation is a key indicator of the productive work of employees within the organization that affects competitiveness (Sarker 2016). Mahamad Zubir bin Seeht Saad believes that staff motivation is a key factor in improving the efficiency of the enterprise and competitiveness. At the present stage of entrepreneurship, each company is forced to fight for existence in a competitive market. Employees make it possible to translate business goals into reality, but without the right motivation of employees, an enterprise can either lose them or not fully utilize their human potential, which will reduce their competitiveness (Mahamad Zubir bin Seeht Saad 2018).

The HR manager must properly manage the motivation, for this the staff needs to offer such incentives to attract and retain it, but at the same time they should not be too many, as this can put pressure on the final result of the company (profit reduction due to rising costs) and, subsequently, on competitiveness (Human Resource Management 2016). The relationship of staff motivation and enterprise competitiveness is shown in Figure 2.

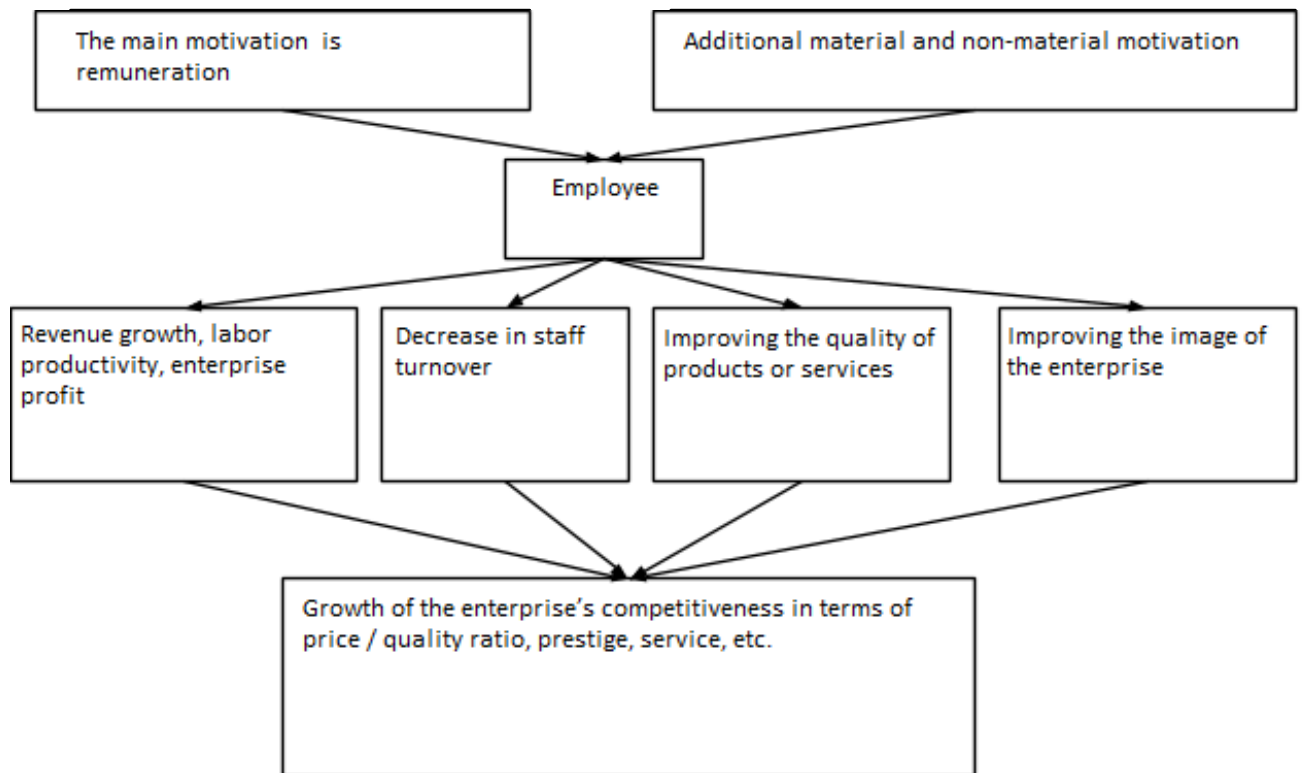


Figure 2. The relationship of staff motivation and enterprise competitiveness
 Source: Kupriyanova, Kopylova (2016, 34)

Obviously, it is necessary to create an effective system of personnel motivation in order to increase the competitive advantages of the enterprise and, as a consequence, its competitiveness.

According to Smriti Chand (2020), motivation is a planned management process that encourages staff to work to the best of their ability, providing them with motives based on their unmet needs.

The motivation system must be developed taking into account the professional training of the employee; physical type of personality; level of self-awareness and education; environmental influences; psychological climate in the team.

Motivation contributes to the retention of the right workers, the stability of the workforce. In order for the employee not to leave for a new job, it is necessary to create an environment in which he would feel like part of the enterprise. People working for a long time at one enterprise create a positive image for him. The image has a direct impact on the internal environment of the enterprise (the psychological climate in the team) and on the external environment (partners and customers), which monitor the business reputation of the enterprise.

Proper motivation also allows the organization to develop more successfully, implement changes more effectively, since motivated employees do not resist innovation, but understand their need and are interested in them.

It is very important to choose the right methods and tools for staff motivation, choose from all existing methods more suitable for a particular company, think over all the details, predict the results.

Various motivation tools should be used - a wide range of them. Each employee is different and has different expectations and values, the art of motivation is expressed in the ability to use them to achieve the goals of both the employee and the organization. Instruments of coercion impose certain behaviors in relation to employees, regulate the competence and responsibilities of the employee. The employee must obey them. Persuasion tools are aimed at creating the desired patterns of behavior; they do not provide for punishment or reward. They create a sense of influence on the fate of the company and the ability to make decisions on critical issues related to its functioning. The types of motivation tools will be presented in Figure 3.

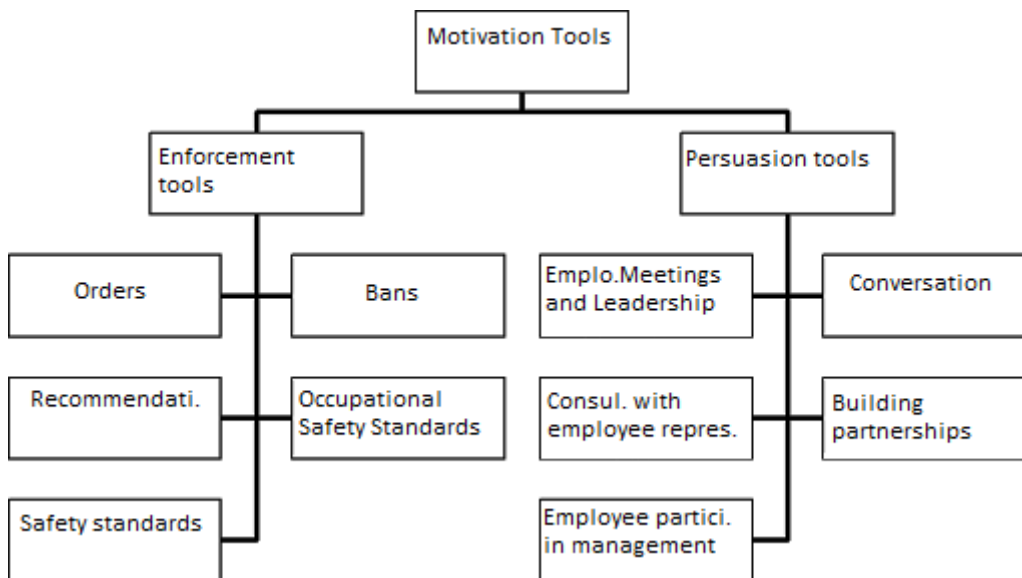


Figure 3. Motivation tools
Source: Vlacsekova, Mura (2017, 120)

Motivation is divided into types: tangible and intangible. Thus, the concept of “motivation” is associated with the concept of “staff incentive”. Staff incentives - rewards or penalties from personnel that directly affect motivation. That is, material motivation includes various types of

material benefits for the employee. Intangible motivation is the reward of employees for quality work, which in no way affects their wages and other payments.

D. Vlacsekova and L. Mura (2017) distinguish the following ways of motivation:

- 1) money - all types of bonuses (bonuses for high results of work, for seniority, for individual tasks), surcharges, allowances to the basic salary, payment of rest, compensation for transportation costs, expenses for mobile communications, uniforms, etc.;
- 2) modern or more convenient equipment, machinery, workplace, place to relax during the lunch break, parking spaces;
- 3) gifts: prizes, gift cards or gift certificates;
- 4) additional vacation days, short working weeks;
- 5) positive corporate culture;
- 6) concern for the personnel on the part of management: assistance and respect for employees;
- 7) empowering employees with responsibility and authority to make basic decisions, encouraging employees to be creative and innovative;
- 8) regular feedback (positive: public praise, corrective) from managers (Vlacsekova, Mura 2017, 111).

Consider the best practices of staff motivation of successful enterprises that have a high level of competitiveness.

Apple Inc. - This is a successful company - a leader in the technology industry. In order to motivate employees to more efficient activities, the company applies a high level of salary, the opportunity to receive a free iPhone (which increases the responsibility of employees when they see the end result of their efforts), staff participation in the education and development program (more than 200,000 employees since 2008) (Braga 2020).

Google introduced the following motivation tools: unorthodox office design, a car wash at the workplace, bicycle repair, a gym and other amenities, a Googlegeist survey that collects feedback about problems in the company, the ability of employees to evaluate the work of their managers, and freedom of action regarding working time, as well as time for rest, each employee can spend 20 percent of his time (1 day per week) on everything he likes (The Google Way of Motivating Employees 2020).

Radioactive Public Relations - a communication agency - uses a four-day work week as a motivation for personnel to increase competitiveness without reducing staff salaries. In this company, it is believed that happy employees are able to work better. As a result of this innovation, the level of work remained high, the staff retention rate was 100%, the company began to conquer a new business, the number of sick days also decreased by 75%. A staff survey on motivation revealed that when asked “Do you feel more relaxed and motivated to work effectively as a result of a four-day week” when assessed on a scale from 0 to 10, 100% of employees rated 10 (Goodall 2020).

Virgin, a multidisciplinary organization, uses the following ways of motivation: listen to their employees, show that they are valued, provide an opportunity to conduct healthy debates and constantly innovate. As a result of the measures taken, this organization continues to grow, and its employees become more motivated, feel important, interact with management (16 companies that get employee engagement - and what they do right 2019).

Thus, staff motivation is a process that is associated with the formation of employees motives for effective work. The better thought out motivation, the more competitive the company will be. There are two types of motivation: material and intangible.

1.3. Research object and problem statement

The objective of the study is to find the relationship between staff motivation and enterprise competitiveness.

The object of research is the small enterprise STA tehniks OÜ. This company has been operating since 1999. The company operates on weekdays from 8,30 to 17,30 (STA tehniks OÜ 2020).

The company’s activity is the sale of electronic and telecommunication equipment and spare parts for it, as well as the provision of services for installation, placement and configuration of equipment.

The main products of STA tehniks OÜ are: video surveillance systems, fire protection systems, sensors, batteries, cables, power supplies, locks, magnets, etc. STA tehniks OÜ provides guarantees for the equipment sold.

Products are sold through the sales department and via the Internet. Orders in Estonia are delivered to the customer free of charge. The client can send the order through the Internet site, by calling an information phone, or by sending a notification by e-mail.

The company employs 8 people. STA tehniks OÜ has a linear functional organizational structure. The organizational structure of the enterprise will consider in figure 4.

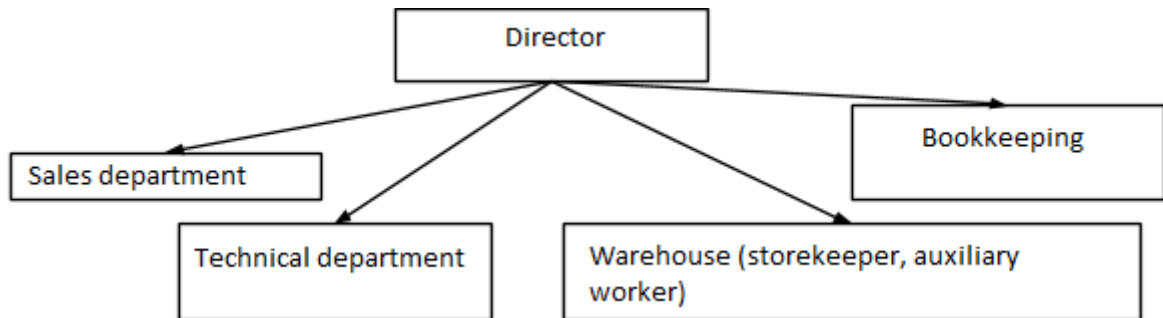


Figure 4. Management structure of STA tehniks OÜ
Source: STA tehniks OÜ (2020)

From the presented figure it is clear that the director manages the enterprise. The director has four departments of various orientations. The director exercises general control over financial and economic activities, commercial activities, develops strategic planning measures, organizes advertising, works with staff, develops employee motivation and incentive systems.

Bookkeeping maintains financial statements for the enterprise, draws up reports, accrues wages to employees, and monitors payments under concluded contracts. The sales department searches for potential customers, conducts commercial negotiations with customers, accepts and processes customer orders, draws up the necessary documents, finds out customer needs for equipment sold by STA tehniks OÜ and coordinates customer orders in accordance with its needs and assortment availability, draws up monthly sales plans, maintains reports on sales and shipments to customers, participates in the development and implementation of projects related to the activities of the department, maintains a customer base, monitors shipments for rudovaniya customers and signed contracts payment. The technical department carries out the installation, placement and configuration of equipment. The storekeeper performs warehouse operations, maintains documentation. An auxiliary worker carries out loading, unloading, transportation of goods, cleaning the premises.

The market where STA tehniks OÜ operates is competitive. To conduct competition, the company must have advantages. In order to compete, the studied enterprise must provide high-quality equipment and at a high level provide services for the installation, placement and configuration of equipment. To conduct business in difficult economic conditions, the success of STA tehniks OÜ will allow competent personnel management, including the improvement of the motivation system taking into account current trends in staff incentives.

At this enterprise, resources are limited, therefore there is no human resources department, therefore all the work on selecting, moving, motivating personnel is performed directly by the director himself (who does not have the necessary competencies in working with personnel).

Salaries at STA tehniks OÜ are paid on time. It consists of salary and bonuses. There are no additional ways of motivation, an analysis of the motivation system at the enterprise is not carried out, methods of non-material incentives have not been developed. The consequence of this is high staff turnover, an unfavorable psychological climate in the team, a decrease in the quality of work, and a deterioration in the reputation of the enterprise.

In this regard, there is a need to develop an effective motivation system at STA tehniks OÜ that would not require large financial investments, would reduce staff turnover, encourage staff to work better, and would lead to the development of the enterprise (expanding the range of services and increasing the number of customers, revenue growth, profitability, image improvement).

Thus, STA tehniks OÜ is a small company trading and installing electronic and telecommunication equipment. STA tehniks OÜ has a small number of employees; therefore, there is no professional staff member on staff. The company operates in a highly competitive market, so it needs to have competitive advantages in terms of the quality of its services. For this, it is necessary to develop an effective staff motivation system. It is necessary to find the relationship between staff motivation and enterprise competitiveness and further develop measures to improve the motivation system at STA tehniks OÜ.

2. METHODOLOGY

This chapter discusses methods for studying the impact of staff motivation on the competitiveness of an enterprise. These methods will be further used in the practical part of the work.

2.1. Methods of analysis of competitive advantages and motivation systems

When considering competitive advantages and analyzing the competitiveness of an enterprise, the main goal is to determine the competitive status of the enterprise. Competitive status is a characteristic of a company's competitive position in the market. He seems to be answering the question of what position this company holds in relation to its main competitors. As a result of the analysis, competitive advantages are identified that answer the question of which factors of the external and internal nature affect most of all the ability of the enterprise to achieve the identified competitive position. Therefore, competitive status is a function of its competitive advantages (Ansoff, 2007, 135).

As a result, the competitive status of an enterprise can be defined as a set of strengths and weaknesses of its position relative to the market and competitors. Competitive status is achieved by those methods and means that are possible within the framework of an honest market struggle and is a measure of the company's position in the market (Sammut-Bonnici, 2015, 45).

When determining competitive status, it is necessary to carry out a sequence of analysis about building a goal, selecting data and a comparison base, key characteristics, and before calculating and comparing indicators for the base company and its competitors. The algorithm may have the following form:

- 1) the purpose of the assessment is determined (for which we identify the position);
- 2) the areas (types of activity of the enterprise) that should be taken into account when conducting the analysis are determined;
- 3) a comparison base is selected (competitors who really compete in the market with this company are selected);

- 4) characteristics are determined that can be measured and compared in the analysis;
- 5) a selection of characteristics from this list is made, it is possible to set a certain “weight” for them to determine the integral indicator;
- 6) a generalized, integral indicator of competitiveness is calculated according to the characteristics and weights of each of them (if weights are given);
- 7) based on the results, conclusions are made about competitiveness (Kovtunenکو & Grabovenko, 2016).

May consider not just comparison with competitors, but also the compliance of the enterprise with “key success factors” in the market: strategy, the properties of goods or services, on the basis of which the consumer makes a choice of a brand or supplier, the resources and opportunities that ensure the company victory in the competition, professionalism staff and staff productivity. That is, this is all that contributes to the growth of company profits in the market in this industry. Often they are also considered by category:

- 1) management (availability of strategic management, management structure, organization of business processes, corporate culture);
- 2) marketing (advertising, distribution organization, brand, market reputation);
- 3) a product or service (quality, customer reviews, availability of substitutes, etc.);
- 4) personnel management (HR management: staff quality, staff turnover, motivation and incentive system);
- 5) technologies (technological organization of processes, including automation, the availability of resource-saving technologies, the introduction of innovations and advanced techniques in the main processes);
- 6) finance (dynamics of sales, profits, sales profitability, business activity, liquidity and financial stability - i.e. financial efficiency and financial risks) (Klaus, Grunert, 2012).

At the same time, indicators in these areas among competitors should not just be compared, but the ability of each competitor to achieve success should be evaluated.

Comparison of key success factors allows you to build a matrix of SNW analysis of the internal environment both for the object - that is, the enterprise that is being compared with competitors, and for its competitors. The SNW matrix takes into account the main groups of identified success factors and the assessment of enterprise positions on them:

- strong position (S) - regarding a common understanding of the importance of this factor for business development, as well as regarding competitors;
- neutral position (N) - similarly, especially if the position is good, but not better than other competitors;
- weak position (W) - if an important business position is not properly implemented at the enterprise, and especially if it is weaker than competitors (Shtal, 2018, 20).

SNW analysis is only one approach to the analysis of a company-object in comparison with its competitors. Another approach is to build an integrated assessment model. For this:

- in points, a competitive position is evaluated out of the “key success factors” for each competitor (for whom it is higher, it gets a higher score);
- a weight category is determined for each position, which can be determined if we conduct a survey of experts and derive a weight coefficient based on their opinions;
- the integral indicator is calculated by the formula:

$$I = \sum_{i=1}^n (w_i \times F_i) \quad (1)$$

where

I – the integral indicator,

w_i – fraction (weight) of the factor determined by expert method,

F_i – factor score (for example, on a scale of 1-10) (Trubilin, Gaiduk, Berezenkov, 2012).

Accordingly, further verified:

- estimates for each competing enterprise;
- assessments of competing enterprises with a “maximum” score (where the highest score is multiplied by the weight coefficient and an integral indicator is calculated on this basis, which will be the highest possible).

By this, it is possible not only to compare enterprises among themselves, but also to assess the level of achievement by each of the enterprises in the complex of key success factors.

Summarizing the conclusions of such authors as Y. Amirbekuly, G. Ukubasova, T. Kaskin (2017),

E. Astakhova, Y. Leshchev (2019) and D. Belousov (2016), we can conclude that, as a rule, the following are used to calculate and compare the competitiveness indicators of enterprises quantitative estimates:

- calculation of indicators of dynamics, structure (sales, assets, profits, personnel, including staff movements);
- calculation of coefficients characterizing the financial condition and efficiency, staff composition and movement (for example, the coefficient of admission, retirement, staff turnover, labor productivity per 1 person or 1 monetary unit of labor costs).

For a qualitative assessment, the following methods are used:

- questionnaires (for example, personnel regarding motivation to work in the company);
- interviewing (for example, managers regarding the work of personnel, market position, etc., you can also interview third-party experts who are familiar with this business and can give their own assessment);
- expert assessment, which involves a point or other assessment by each of the experts according to a certain criterion, and then an average or average weighted assessment is displayed (taking into account the expert's skill level);
- study of independent evaluations (including sites with reviews of customers, employees and job seekers);
- an audit, which is also carried out by an independent person, evaluating depending on the compliance of certain key success factors of the company with the criteria adopted by the auditor (for example, site audit, audit of sales system, audit of marketing system, audit of personnel management system).

Thus, we can present a diagram of a possible study of the enterprise's competitiveness - identifying its competitive advantages compared to other similar enterprises (Figure 5).

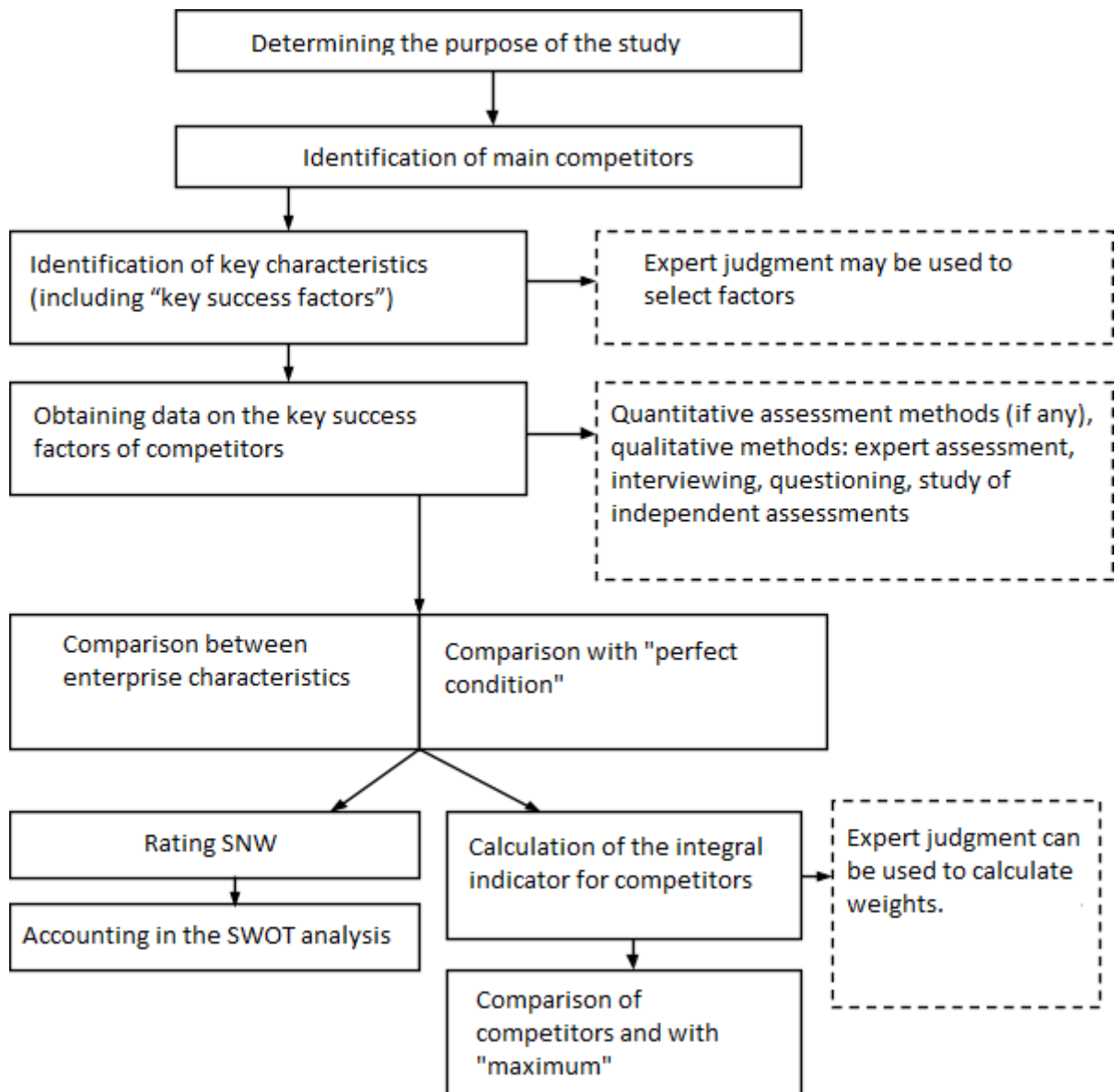


Figure 5. Methodology for the analysis of competitive advantages of the enterprise

Source: Compiled by the author independently based on the materials of Y. Amirbekuly & G. Ukubasova & T. Kaskin (2017), Y. Kovtunenکو & O. Grabovenko (2016), E. Astakhova & Y. Leshcheva (2019), D. Belousova (2016)

That is, when assessing the competitiveness of an enterprise, it is necessary to determine the goal, on the basis of which to select competitors of the enterprise with which comparisons will be made, select key characteristics that reflect the competitive positions of enterprises (including, using expert judgment), obtain data on these characteristics and evaluate them (using quantitative and qualitative research methods), compare these characteristics and draw conclusions about the strengths and weaknesses of the enterprise-object, including in comparison with competitors (SNW analysis, and then this is taken into account in the enterprise SWOT analysis), or it is possible to calculate the integrated indicators for enterprises and compare these indicators of

competitors, as well as with the “ideal” (maximum) indicator. Since personnel or personnel is one of the key success factors in all areas, it is necessary to select and study factors that characterize quality, movement, staff motivation, and labor productivity.

2.2. The purpose of the study, tasks and methods

Since further, in the empirical part, the influence of motivation on the competitiveness of STA tehniks OÜ is investigated, it is necessary to set a goal - to develop an updated motivation system for employees of the organization, which would affect the growth of sales and profits of the enterprise.

This is possible by studying the existing competitive advantages of the enterprise, comparing the success factors of the company with similar indicators of competing enterprises in the Estonian market. Therefore, the research tasks that are proposed to be solved:

- select key success factors related to the company’s activities in the sale and installation of security equipment, including staff motivation;
- based on expert assessments, determine the weight categories of each of the factors, including staff motivation;
- select the main competitors of the enterprise for subsequent comparison (based on interviewing the head);
- to evaluate the economic performance of the enterprise in 2015-2018. (sales, profit and their dynamics, financial stability and liquidity, profitability and asset turnover, labor productivity);
- evaluate the structure and dynamics, the turnover of the personnel of the enterprise;
- compare the systems of motivation in enterprises, evaluate motivation as one of the key factors for the success of the studied enterprise in comparison with competitors;
- conduct an anonymous survey of personnel (sales and technical departments - that is, those on which sales, revenue, profits directly depend) for compliance with the expectations from work in the company and the reality and acceptable forms of labor motivation in the company;
- make a comparison with competitors and draw a conclusion about the strengths and weaknesses of the enterprise in achieving key success factors, as well as evaluate the integrated indicators for the enterprise and its competitors;

- based on the study, draw conclusions about the effectiveness of motivation and the need for change.

Further, on the basis of the study, it is proposed to develop an updated motivation system. The application of research methods for these stages is presented in table 2.

Table 2. Plan and research methods

Stage	Characteristic	Applicable Methods
Selection of key success factors for the company	It is necessary to determine which factors are most significant for the company.	Executive Interview.
Definition of weight categories for each factor	It is necessary to determine how much each factor "weighs" in the formation of the final integral indicator of competitiveness.	Expert review: - head; - 3 outside experts (marketers who know this market).
Selection of main competitors	It is necessary to determine the list of competitors to compare indicators with them.	Executive Interview.
Assessment of economic indicators	Assessment of financial and economic indicators, labor productivity.	Economic analysis according to reports on the activities of enterprises, or according to data provided by the company; For competitors - according to open data.
Assessment of the structure and movement of personnel	Assessment of the structure and movement of personnel.	Assessment by information provided by the head of the enterprise (no information on competitors).
Motivation System Assessment	Evaluation of the system of remuneration, bonuses and intangible methods of staff incentives (including for competitors), the attitude to the method used by sales employees and technical workers of the enterprise.	For the company - interviewing the head, a comparative economic analysis of the dynamics and structure of remuneration and productivity; questioning of employees. For competitors - only "intelligence" of data (conversations with employees, job interviews and job analysis).
Benchmark Competitiveness	Determining a greater degree of competitiveness among competing companies; identification of strengths and weaknesses of the use of key success factors of the	SNW analysis; Calculation of a rating indicator and comparison for several enterprises.

	enterprise under study.	
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Source: Compiled by the author independently

Thus, to study the competitiveness of STA tehniks OÜ, including the impact of the personnel motivation system on competitiveness, it is necessary to select key success factors, competitors, make basic calculations for quantification and identify data through qualitative assessments (using interviews, expert evaluations, questionnaires), present SNW analysis of the organization under study by key factors and an integral indicator of it and its competitors. At the same time, pay special attention to key indicators related to personnel management and personnel motivation in order to assess the contribution of motivation to the formation of competitive results. The results of interviews, interviews of experts on key factors are given in Appendices 1 and 2, and the questionnaire for employees of the enterprise is given in Appendix 4.

2.3. Data collection and sources

The sources of data for the analysis of the enterprise STA tehniks OÜ is the reporting (annual reports) of the enterprise, which are posted annually on the websites:

1. Inforegister
2. E-krediidiinfo

The reports themselves for 2014-2018 are presented in Appendix 3. The reports contain data on income, expenses of the enterprise (by type, including remuneration), headcount, operating and net profit, assets and liabilities.

Customer feedback on Google Maps: 4,6/5,0

The company also provided the following information, which is not reflected as open data on the websites, namely:

- data on the composition and movement of personnel;
- data on the composition of the wage fund.

The results of interviewing the director made it possible to identify the main competitors of the enterprise with which the enterprise is compared (see table 3).

Table 3. STA tehniks OÜ competitors and their performance data

Competitors	Information about the activity	Customer reviews
Kaameravalve OÜ	Bisnode Credit Reports	4,0/5,0
Alarmeco AS	Bisnode Credit Reports	4,6/5,0
BK Eesti AS	Bisnode Credit Reports	4,6/5,0
G4S Eesti AS	Bisnode Credit Reports	4,5/5,0

Source: Customer feedback on Google Maps

Thus, for analysis, data were collected on the company (provided to the author by the company), from open sources (on competitors), as well as interviews with the head and third-party experts, customer reviews were reviewed.

3. EMPIRICAL ANALYSIS

This chapter explores the characteristics of competitiveness and the impact of STA tehniks OÜ employees' motivation on it, analyzes the motivation of employees, identifies problems and suggests areas for improving the motivation of STA tehniks OÜ employees to increase the company's competitiveness.

3.1. Performance Analysis STA Tehniks OÜ

The activities of STA tehniks OÜ can be evaluated on a number of key economic indicators, primarily on the dynamics of income, expenses and financial results, as well as on performance indicators. Table 4 presents the dynamics of enterprise income over the past 5 years (based on Appendix 3).

Table 4. Dynamics of revenues, expenses, profits of STA tehniks OÜ for 2014-2018

Indicators	Data by year				
	2014	2015	2016	2017	2018
Absolute indicators, thousand euros					
Income	1 622,5	2 177,7	1 571,3	2 635,6	5 943,5
Sales	1 613,6	2 167,9	1 554,6	2 613,6	5 922,2
Other	8,9	9,8	16,6	22,0	21,2
Costs	1 613,1	2 163,6	1 539,3	2 551,7	5 648,8
Material	1 258,2	1 757,3	1 205,4	2 133,5	5 136,8
Different operating	57,3	54,6	59,7	51,8	72,6
Salary	238,2	290,1	218,8	296,3	348,4
Depreciation	49,6	49,1	46,1	47,9	29,5
Other	9,8	12,5	9,3	22,2	61,6
Operating profit	9,4	14,2	32,0	83,9	294,7
Other financial income and expenses	0,0	0,0	0,0	0,0	0,0
Profit before tax	9,5	14,2	32,0	84,0	294,7
Net profit	9,5	14,2	32,0	84,0	294,7
Growth rate, % to the previous year					
Indicators	2015 to 2014	2016 to 2015	2017 to 2016	2018 to 2017	2018 to 2014

Income	34,22	-27,85	67,74	125,51	266,32
Sales	34,35	-28,29	68,12	126,59	267,02
Other	10,67	68,95	32,27	-3,42	138,86
Costs	34,13	-28,85	65,77	121,38	250,19
Material	39,67	-31,41	77,00	140,77	308,28
Different operating	-4,72	9,30	-13,20	40,12	26,66
Salary	21,82	-24,58	35,39	17,58	46,26
Depreciation	-1,06	-6,12	4,01	-38,42	-40,51
Other	26,70	-25,14	138,05	177,49	526,50
Operating profit	50,59	125,38	162,49	251,05	3027,41
Other financial income and expenses	-4,76	-87,50	-40,00	100,00	-85,71
Profit before tax	50,34	124,78	162,46	251,04	3013,60
Net profit	50,34	124,78	162,46	251,04	3013,60

Source: Compiled by the author independently according to Appendix 3

The dynamics of income and operating profit are also shown for illustration purposes are shown in Figure 6.

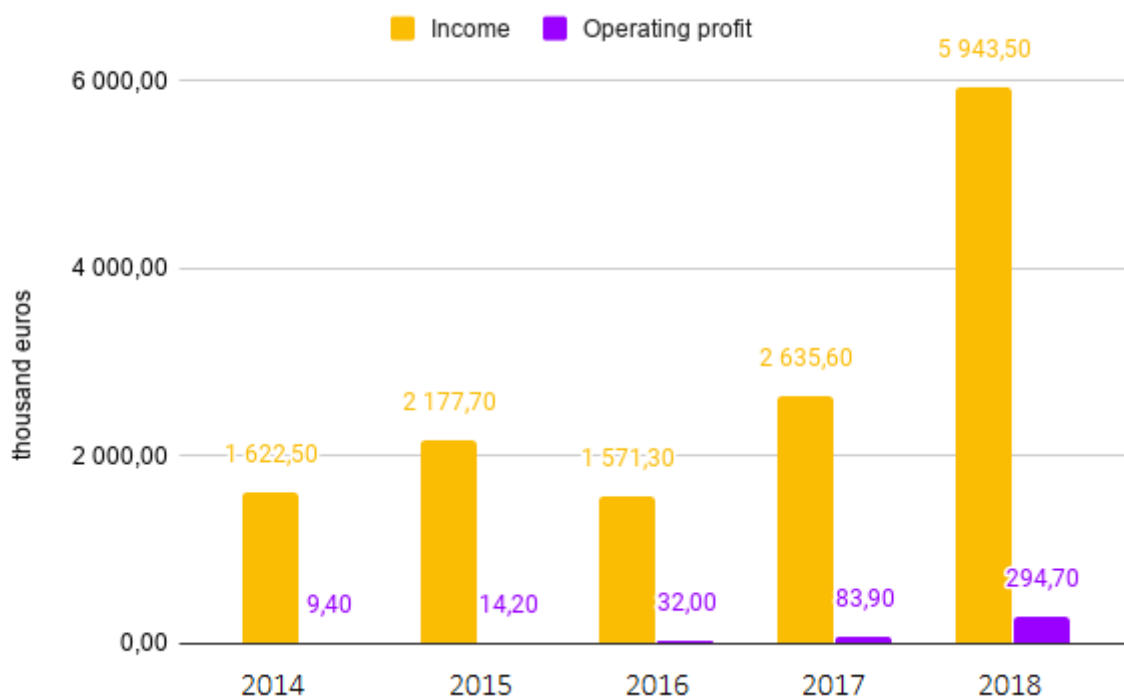


Figure 6. Dynamics of income and operating profit

Source: Compiled by the author independently according to table 4

In fact, the company's income over 5 years increased by 266%, especially in 2018 as compared with 2017 (by 125,51%). There was a period of revenue decline in 2016 (by 28,29%). The

company's profit, both operating and net (net almost does not differ from the operating), grew by more than 3000%, from 9,4 to 294,7 thousand euros. At the same time, the highest growth in operating profit was in 2018 (by 251,05%). Of the costs, the fastest grew material (cost of goods and components for installation) and others (which are few). And labor costs for 5 years increased only by 46,26%. The cost structure for 2018 is presented in Figure 7:

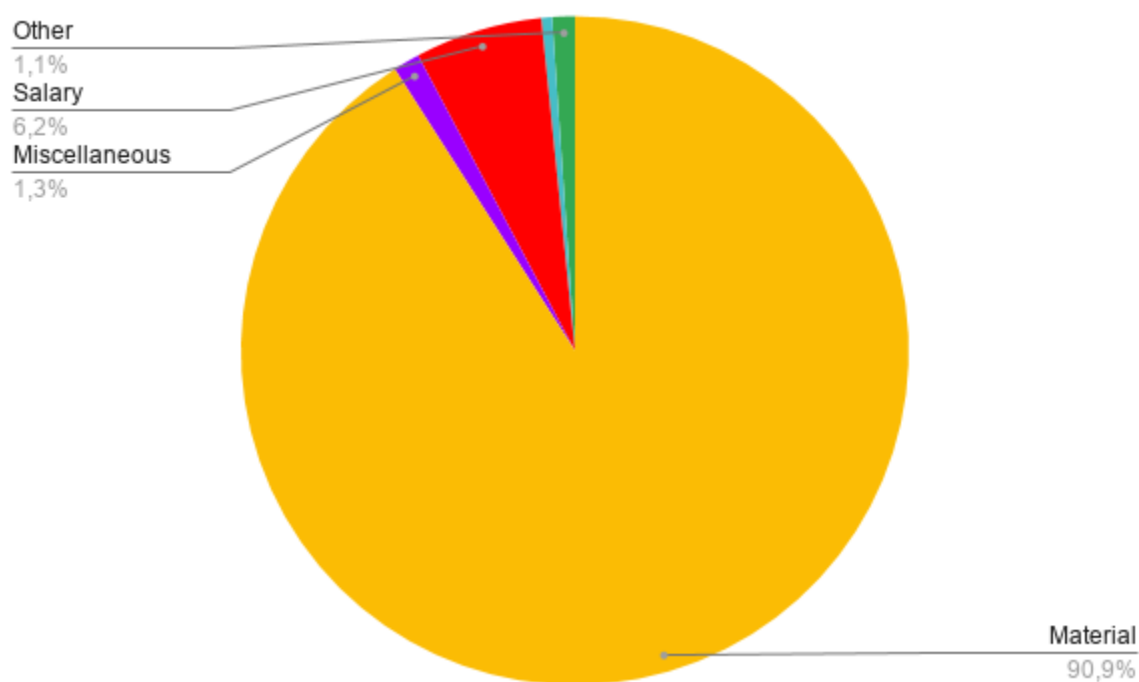


Figure 7. Cost structure of the company for 2018

Source: Compiled by the author independently according to table 4

It can be seen from the above diagram that over 90% of expenses are just material costs, and that wages 6,17% of expenses are in second place.

The dynamics of assets, capital and the total number of personnel of the enterprise are presented in table 5.

Table 5. Dynamics of assets, capital and headcount of STA tehniks OÜ for 2014-2018

Indicators	Data by year				
	2014	2015	2016	2017	2018
Absolute indicators, thousand euros					
Asset value at the end of the year	1 126,3	1 020,5	970,8	1 369,1	2 060,6

Average annual asset value	1 130,1	1 073,4	995,7	1 170,0	1 714,9
Equity at the end of the year	795,4	809,7	811,6	895,6	1 190,3
The average annual amount of equity	790,7	802,6	810,7	853,6	1 043,0
Headcount at the end of the year (in terms of full-time)	8	8	8	8	8
Average annual number of staff	8	8	8	8	8
Growth rate, % to the previous year					
Indicators	2015 to 2014	2016 to 2015	2017 to 2016	2018 to 2017	2018 to 2014
Average annual asset value	-5,01	-7,24	17,51	46,57	51,75
The average annual amount of equity	1,51	1,01	5,30	22,18	31,91
Average annual number of staff	0,00	0,00	0,00	0,00	0,00

Source: Compiled by the author independently according to Appendix 3

From table 5 it is seen that the assets of the company increased over 5 years by 51,75%, equity - by 31,91%, the number of employees did not change.

Based on the data presented in tables 4 and 5, you can calculate the main indicators of the effectiveness of the enterprise.

Table 6. STA tehniks OÜ performance indicators for 2014-2018

Indicators	Data by year				
	2014	2015	2016	2017	2018
Return on sales (operating profit)	0,58	0,65	2,04	3,19	4,96
Return on sales (net profit)	0,58	0,65	2,04	3,19	4,96
Return on assets	0,84	1,33	3,21	7,18	17,19
Profitability of equity	1,20	1,77	3,95	9,83	28,26
Labor productivity per 1 person, thousand euros	202,8	272,2	196,4	329,5	742,9
Labor productivity per 1 euro labor costs, euro	6,81	7,51	7,18	8,90	17,06

Source: Compiled by the author independently according to tables 4-5

From the above data it follows that the company significantly increased its return on sales from 0,58 to 4,96%. The highest rates were in 2018. At the same time, indicators of return on assets and equity increased significantly. The change in profitability indicators for clarity is graphically presented in Figure 8.

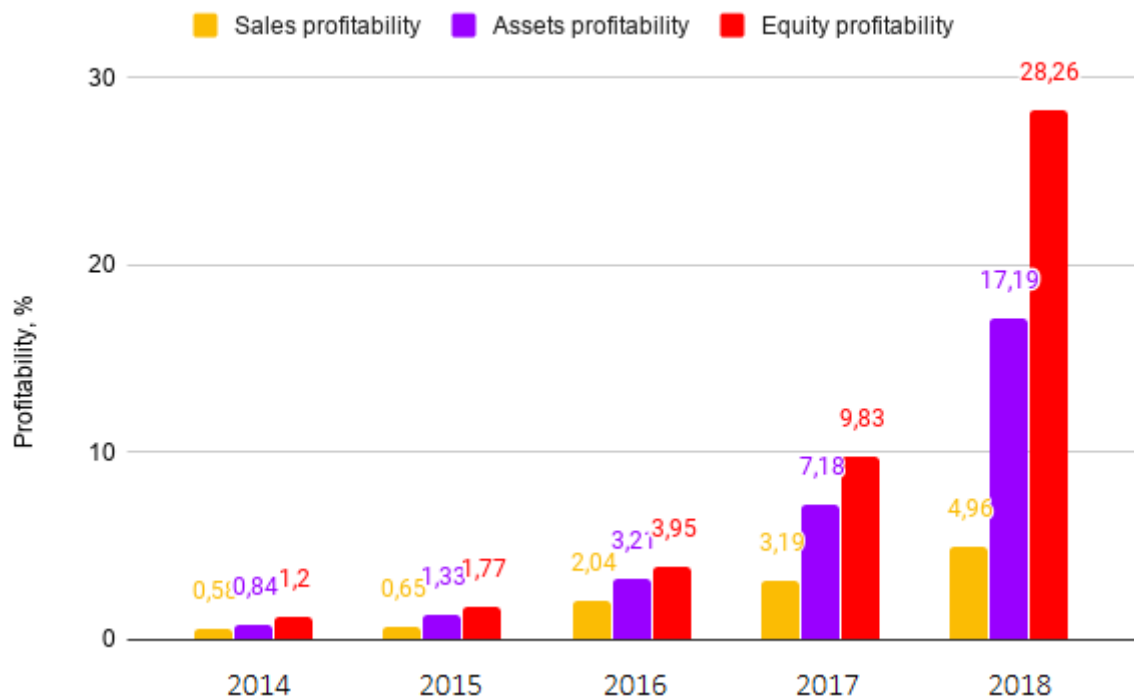


Figure 8. Profitability ratios of STA tehniks OÜ in 2014-2018

Source: Compiled by the author independently according to table 6

It is also necessary to note the positive dynamics of labor productivity, which is presented in Figure 9.

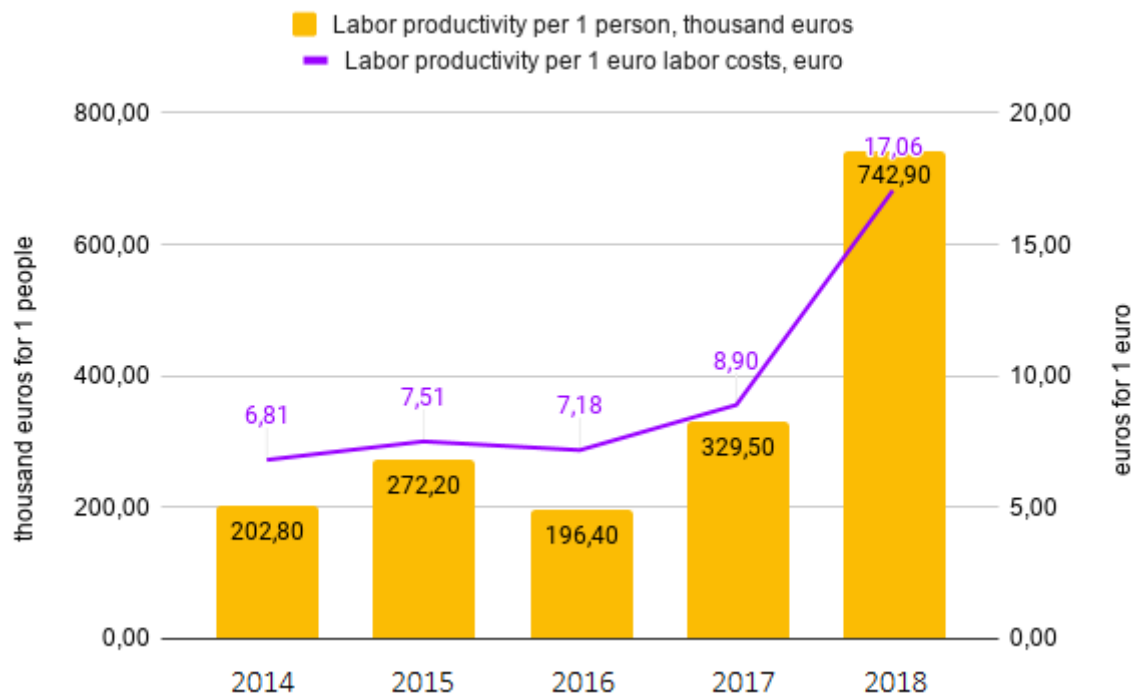


Figure 9. STA tehniks OÜ labor productivity indicators in 2014-2018

Source: Compiled by the author independently according to table 6

That is the output per employee increased from 202,8 to 742,9 thousand euros per year (decreased only in 2016). By 1 euro of the wage fund, productivity increased from 6,81 to 17,06 euros, which is significant.

Indicators of liquidity and financial stability of the enterprise (based on the data of Appendix 3) are presented in table 7.

Table 7. Liquidity and financial stability indicators of STA tehniks OÜ for 2014-2018

Indicators	Data by year				
	2014	2015	2016	2017	2018
Initial data, thousand euros					
Current assets	793,1	734,8	708,9	1179,8	1899,8
Short-term obligations	330,9	210,9	159,2	473,5	870,3
Equity	795,4	809,7	811,6	895,6	1 190,3
Liabilities	1 126,3	1 020,5	970,8	1 369,1	2 060,6
Estimated indicators (ratios)					
Current ratio (Rev. Act. / Short. Obl.)	2,40	3,48	4,45	2,49	2,18
Coefficient of autonomy (Own cap. / Liabilities)	0,71	0,79	0,84	0,65	0,58

Source: Compiled by the author independently according to Appendix 3

Thus, despite some decrease in the current liquidity and autonomy ratio for the analyzed period, their level still remains high enough for the enterprise.

Table 8 presents data on the turnover of personnel.

Table 8. Calculation of the employee turnover rate of STA tehniks OÜ for 2014-2018

Indicators	Data by year				
	2014	2015	2016	2017	2018
Headcount at the beginning of the year	8	8	8	8	8
Hired	1	1	3	2	2
Fired	1	1	3	2	2

Headcount at the end of the year	8	8	8	8	8
Average number	8	8	8	8	8
The turnover rate (dismissed: average number)	0,13	0,13	0,38	0,25	0,25

Source: Compiled by the author independently according to the enterprise

That is, the fluidity cannot be called very high, but the level of 25% is such that it can be defined as average.

As a result, we can draw the following conclusions. STA tehniks OÜ for the period 2014-2018 significantly increases sales, profits. Of the costs, the largest increase is material (the cost of goods, and these costs more than 90% of the total cost of the enterprise), and labor costs do not grow so significantly. The company improves the profitability indicators significantly in the analyzed period, as well as indicators of labor productivity. The maximum growth in sales, profit and efficiency was in 2018. At the same time, the enterprise has high liquidity and financial stability indicators for the entire period, and an average staff turnover level.

3.2. Comparison of STA tehniks OÜ and Competitors

Further, it is necessary, using both open data and data collected in another way, to compare the performance of STA tehniks OÜ with its main competitors. For this purpose, a comparative table has been built (table 9), which contains data on the activities of enterprises.

Table 9. Financial performance of STA tehniks OÜ and its competitors (for 2018)

Performance Competitors /	STA tehniks	Kaameravalve	Alarmeco	BK Eesti	G4S Eesti
Management					
Strategic management	yes	yes	no	there are elements	yes
Availability of technical service in the management structure	yes	yes	yes	yes	yes
Marketing and sales					
Site rating by PR-CY	72%	85%	70%	88%	69%

Participation in the public procurement system	no	yes	yes	yes	yes
Product					
Availability of connection (installation) services	yes	no	yes	yes	yes
Availability of repair services	yes	yes	yes	yes	yes
Customer reviews	16 reviews - 4,6 out of 5 points	4 reviews - 4 out of 5 points	19 reviews - 4,6 out of 5 points	49 reviews - 4,6 out of 5 points	156 reviews - 4,5 out of 5 points
Technology					
Customer service automation	yes	no	yes	yes	yes
Finance					
Current liquidity level (> 2)	2,18	1,8	1,9	1,7	1,3
Level of financial autonomy (> 0.3)	0,58	0,4	0,5	0,4	0,3
Sales dynamics, %	125,51	24,10	5,05	14,8	2,9
Dynamics of operating profit, %	251,05	8,55	0,1	3,9	0,5
Dynamics of net profit, %	251,04	7,67	-60,97	-29,46	-47,98
Profitability of sales, %	4,96	7,86	2,15	6,14	2,70
Profitability of assets, %	17,19	10,2	11,9	10,8	7,9
Staff					
Flow rate	0,25	0,30	0,38	0,20	0,20
Labor productivity (thousand euros / person)	742,9	200,9	224,9	259,4	28,1
Average salary per 1 person, thousand euros	3,0	0,8	1,3	2,2	1,2
Result oriented bonus system	yes	yes	yes	yes	yes
System of selection, growth and promotion	not created	not created	not created	there are separate elements of selection	created

Normal working conditions in the workplace	match	match	match	match	match
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Source: Compiled by the author independently according to the analysis in paragraph 3.1, Creditreports.ee and Google maps

Given the data presented, you can make a score for calculating the rating of each enterprise, calculate the rating (table 10).

Table 10. Calculation of competitiveness ratings of STA tehniks OÜ and its competitors (for 2018)

Performance / Competitors	Indicator weight	STA tehniks	Kaameravalve	Alarmeco	BK Eesti	G4S Eesti
Management						
Availability of strategic management	0,0328	0	0	0	5	10
Availability of technical service in the management structure	0,0636	10	10	10	10	10
Marketing and sales						
Site rating by PR-CY	0,0617	7	8	7	8	6
Participation in the public procurement system	0,0405	0	10	10	10	10
Product						
Availability of connection (installation) services	0,0674	10	0	10	10	10
Availability of repair services	0,0000	10	10	10	10	10
Customer reviews	0,0597	1	1	5	10	9
Technology						
Customer service automation	0,0462	10	0	10	10	10
Finance						
Current liquidity level (> 2)	0,0520	10	5	5	5	3

Level of financial autonomy (> 0.3)	0,0405	10	8	10	8	5
Sales dynamics, %	0,0501	10	7	3	7	2
Operating profit dynamics, %	0,0559	10	7	1	3	2
Net profit dynamics, %	0,0501	10	5	1	1	0
Profitability of sales, %	0,0578	5	7	3	6	3
Profitability of assets, %	0,0539	10	7	8	7	6
Staff						
Flow rate	0,0366	6	5	4	7	7
Labor productivity (thousand euros / person)	0,0597	10	6	7	8	0
Average salary per 1 person, thousand euros	0,0462	10	3	5	7	4
Bonus system, result oriented	0,0713	10	10	10	10	10
System of selection, growth and promotion	0,0173	0	0	0	7	10
Normal working conditions in the workplace	0,0366	10	10	10	10	10
Total score		7,94	5,71	6,31	7,57	6,17
Reaching maximum		79,36%	57,11%	63,08%	75,66%	61,73%

Source: Compiled by the author independently on the basis of table 9 and Appendix 2

Thus, STA tehniks OÜ has the highest result compared to competitors, which is largely determined by high labor productivity, sales dynamics, operating and net profit, as well as revenue. At the same time, there are certain disadvantages that are presented in the SNW analysis of the enterprise (Appendix 5), which is why the level of achievement of the maximum performance of the enterprise is only 79,36%. This directly affects the results of the SWOT analysis (Appendix 5), reveals the negative aspects of the internal environment of the enterprise: lack of strategic planning, non-participation in public bidding, few customer reviews, lack of selection, growth and promotion of personnel in the personnel management system.

It can be concluded that STA tehniks OÜ is ahead of its competitors in many respects: the dynamics of sales and profits, profitability, labor productivity, liquidity, average salary, although there are certain shortcomings in the company's activities that some competitors do not show up, including in terms of personnel management (system of selection, growth, promotion of personnel, for example). Negative aspects related to personnel management (lack of a selection, growth and promotion system in the personnel management system) negatively affect the development and competitiveness of the enterprise.

3.3. Analysis of STA tehniks OÜ staff motivation system and its impact on competitiveness

Evaluate the STA tehniks OÜ motivation system in more detail by quantitative indicators and qualitative indicators based on a survey. Table 11 presents data on the cost of labor.

Table 11. Labor costs of STA tehniks OÜ for 2014-2018

Indicators	Data by year				
	2014	2015	2016	2017	2018
Absolute indicators, thousand euros					
Total labor costs	238,2	290,1	218,8	296,3	348,4
Wage	179,8	222,1	173,7	223,8	283,9
Salaries	150,5	160,0	160,0	165,0	165,0
Bonuses	29,3	62,1	13,7	58,8	118,9
Social taxes	58,3	68,1	45,2	72,5	64,5
Average salary per month, thousand euros	1,9	2,3	1,8	2,3	3,0
Growth rate, % to the previous year					
Indicators	2015 to 2014	2016 to 2015	2017 to 2016	2018 to 2017	2018 to 2014
Total labor costs	21,82	-24,58	35,39	17,58	46,26
Wage	23,48	-21,80	28,87	26,85	57,85
Salaries	6,31	0,00	3,13	0,00	9,63
Bonuses	111,53	-78,01	330,68	102,21	305,15
Social taxes	16,72	-33,65	60,45	-11,04	10,54
Average salary per month, thousand euros	23,48	-21,80	28,87	26,85	57,85

Source: Compiled by the author independently according to the enterprise

The table shows that labor costs as a whole increased over the 5 years by 46,26%, including wages by 57,85%, and in its composition premiums (which are paid for the result) - by 305,15%. It is

also noted that the average salary at the enterprise increased from 1,9 to 3 thousand euros per month (Fig. 10).

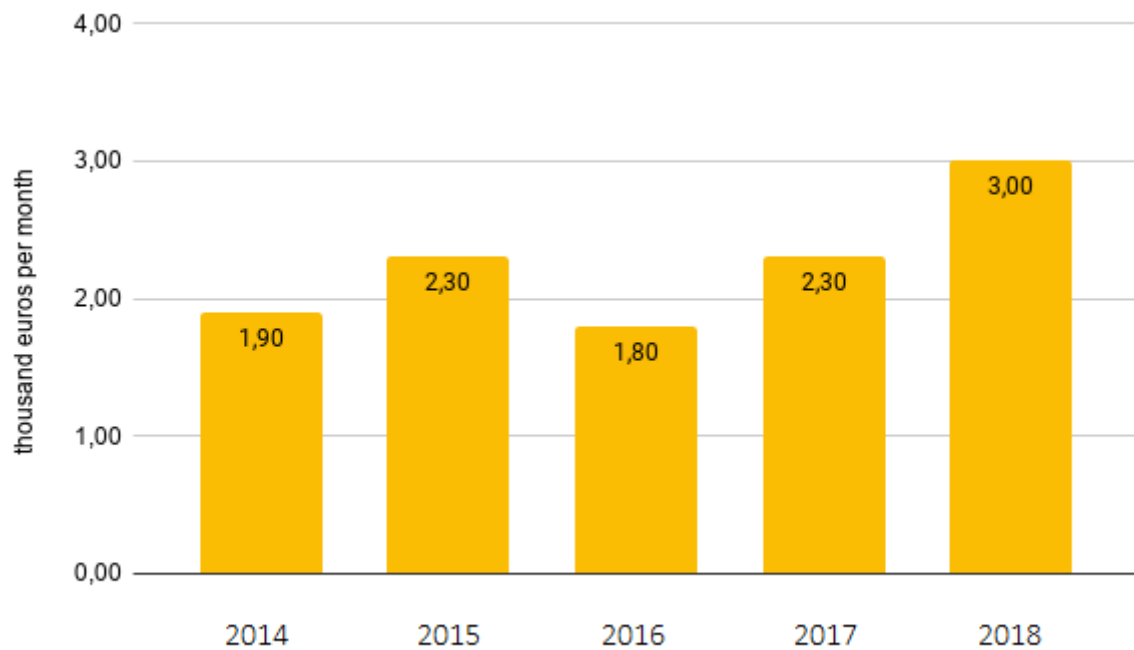


Figure 10. Average salary of STA technicians OÜ in 2014-2018

Source: Compiled by the author independently according to table 6

It decreased only in 2016 with a decline in sales.

Moreover, a comparison of the dynamics of premiums (they are calculated as a percentage of personal sales for sales managers at the level of 0.5-1% depending on the type of sales, as well as fixed prices for employees of the technical department) with the dynamics of revenue is shown in Figure 11.

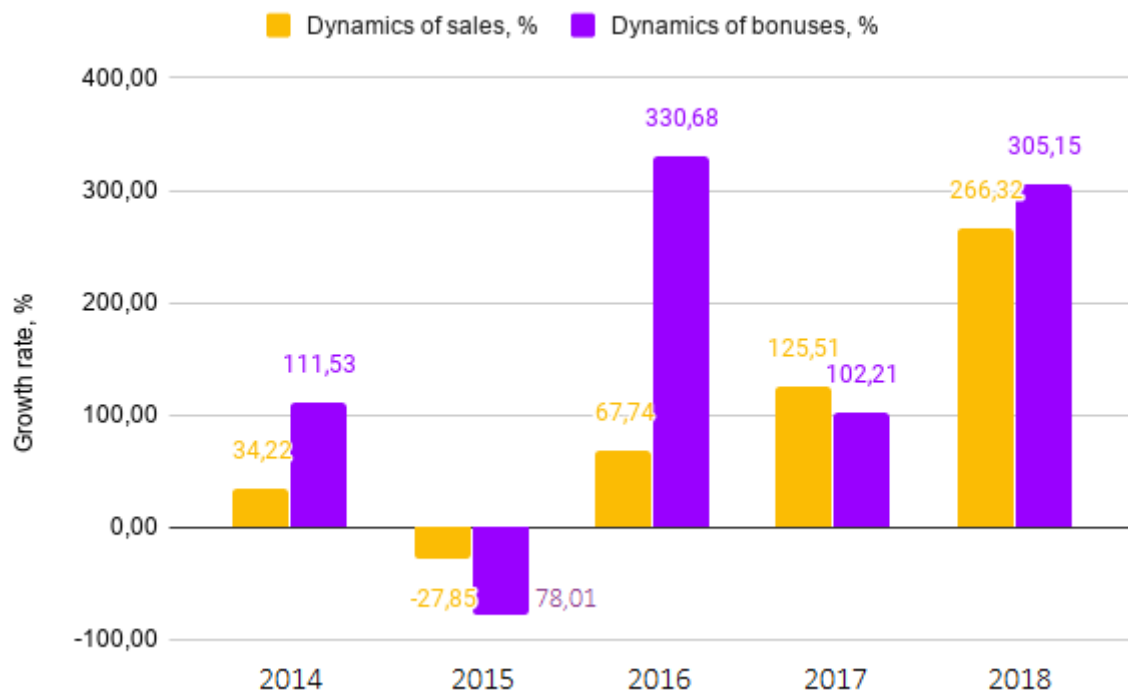


Figure 11. Comparison of the dynamics of premiums and sales of STA tehniks OÜ in 2014-2018
Source: Compiled by the author independently

Thus, sales in 2015 and 2017 grew more slowly than premiums (especially in 2017). In 2018, premiums grew slower than sales, i.e. became more effective - the premium was made more dependent on labor productivity.

A survey of employees was conducted to identify bonus problems — namely, employees of the sales department and the technical department on the questionnaire, which is presented in Appendix 4. 4 people were interviewed. Answers to questions can be presented in the form of results on graphs.

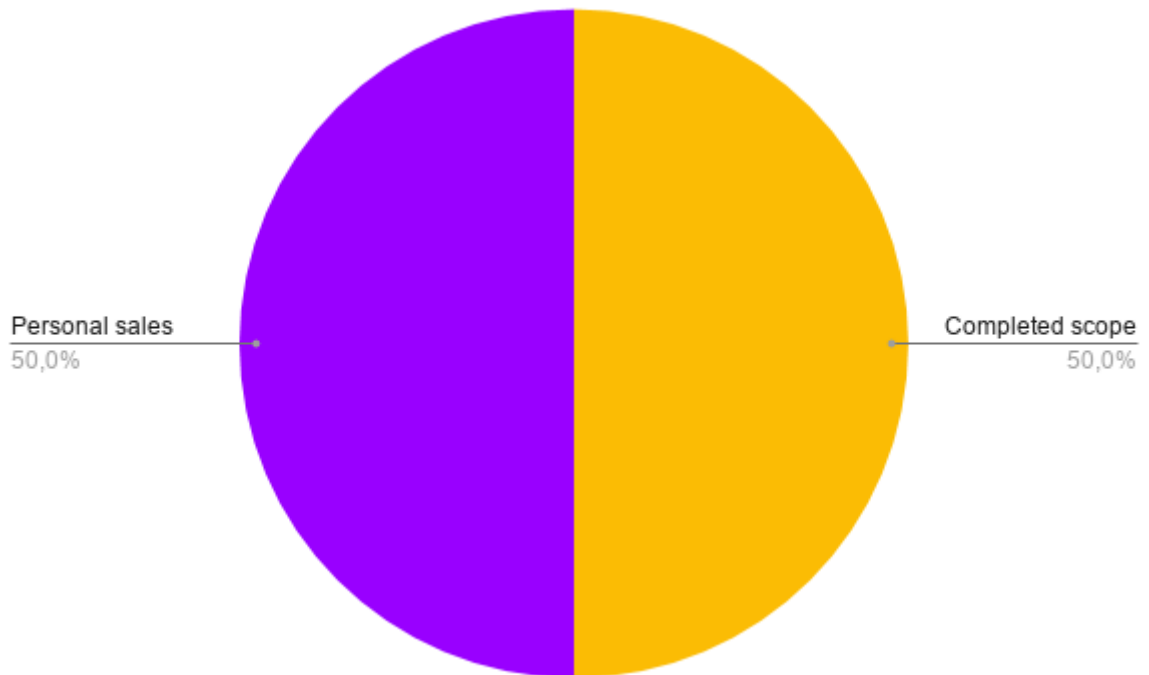


Figure 12. Distribution of answers to the question “Do you get a bonus based on what?”

That is, half (the technical department) receives a bonus from the work performed, and the sales department - from personal sales.

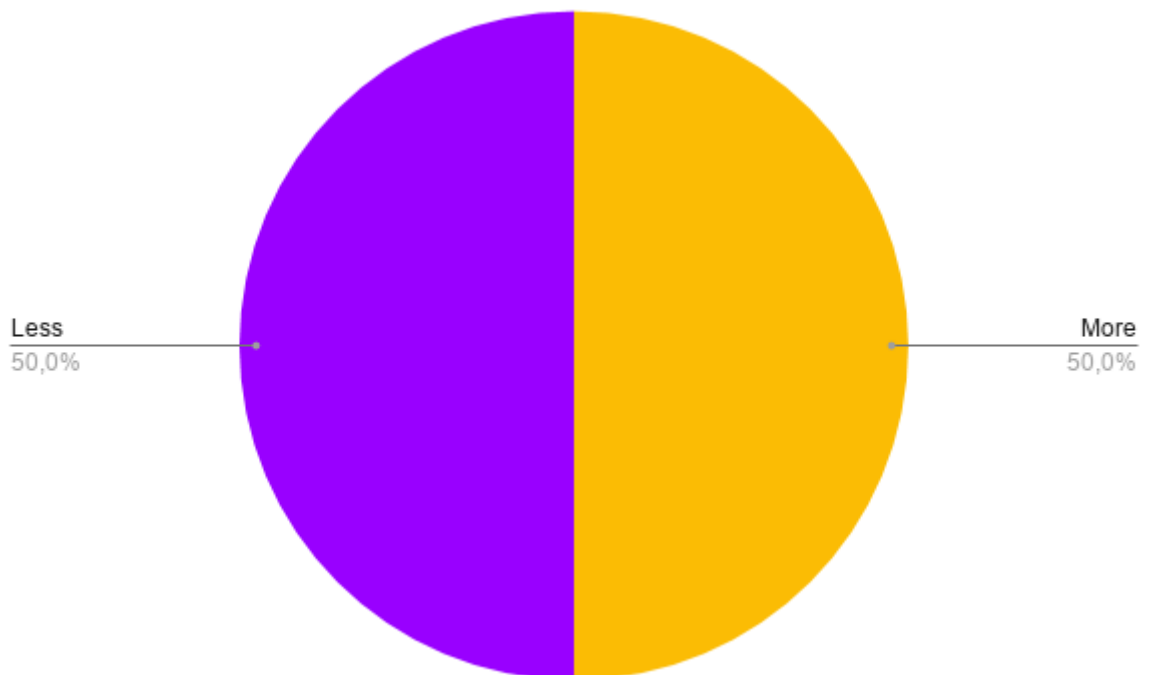


Figure 13. Distribution of answers to the question “Share of premium in your monthly wage?”

That is, half of the premium share is less than 50%, and the second half - more than 50%. Moreover, according to the premium position of the company, it is the technical department that has the premium system built on the volume of work and the premium is much higher than the salary, which is not in the sales department.

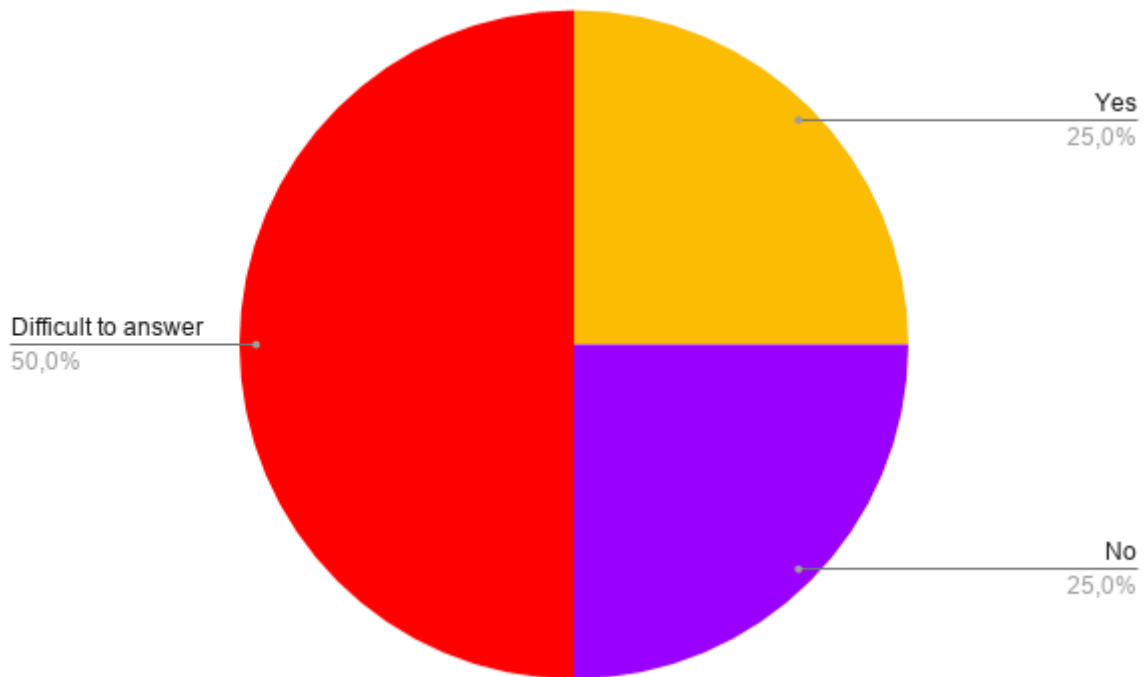


Figure 14. Distribution of answers to the question “Do you rate the accrued premium as fair?”

That is, a significant part of employees does not recognize or finds it difficult to recognize the current bonus system as fair. If we look at the technical department separately, not a single employee recognizes it as such (one definitely answered no, the second one that doubts).

Further, the prospects for further work of employees in the company were clarified (also anonymously and without reporting the results to the head).

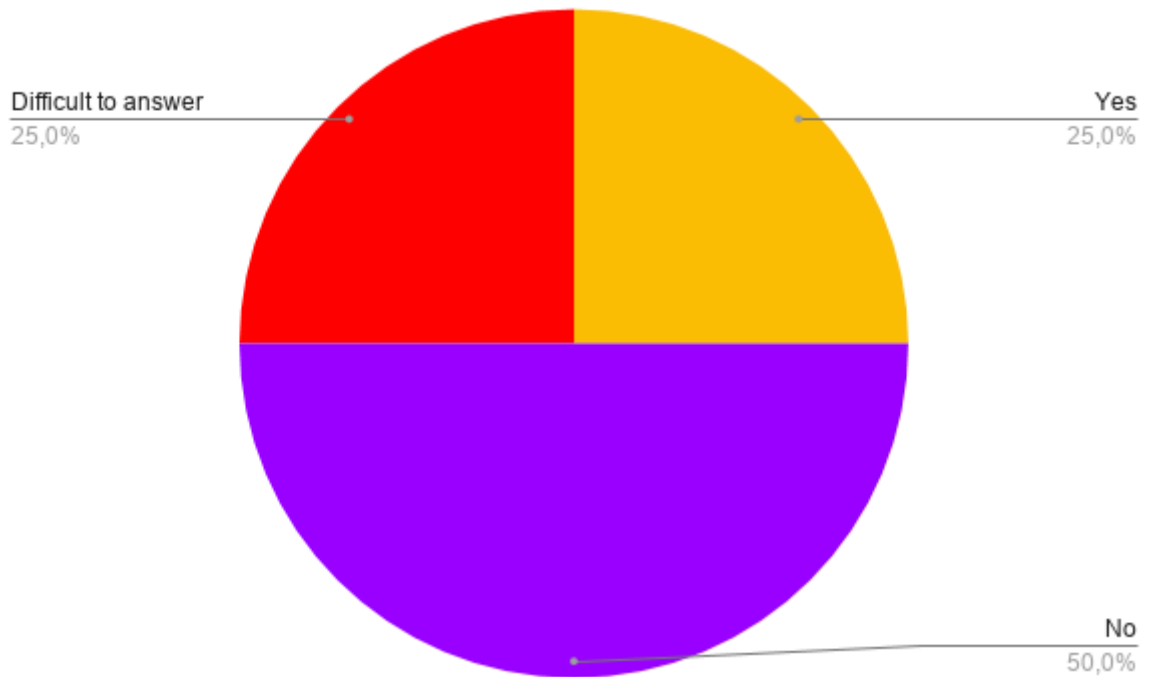


Figure 15. Distribution of answers to the question “Do you see the prospects for further work in the company as a specialist?”

That is, the majority of employees do not even see the prospects of work in the company, which is why in the near future the company can expect the dismissal of specialists and the need to find others. In the technical department, all employees either find it difficult to answer or do not see prospects.

A more specific question was asked about job search prospects.

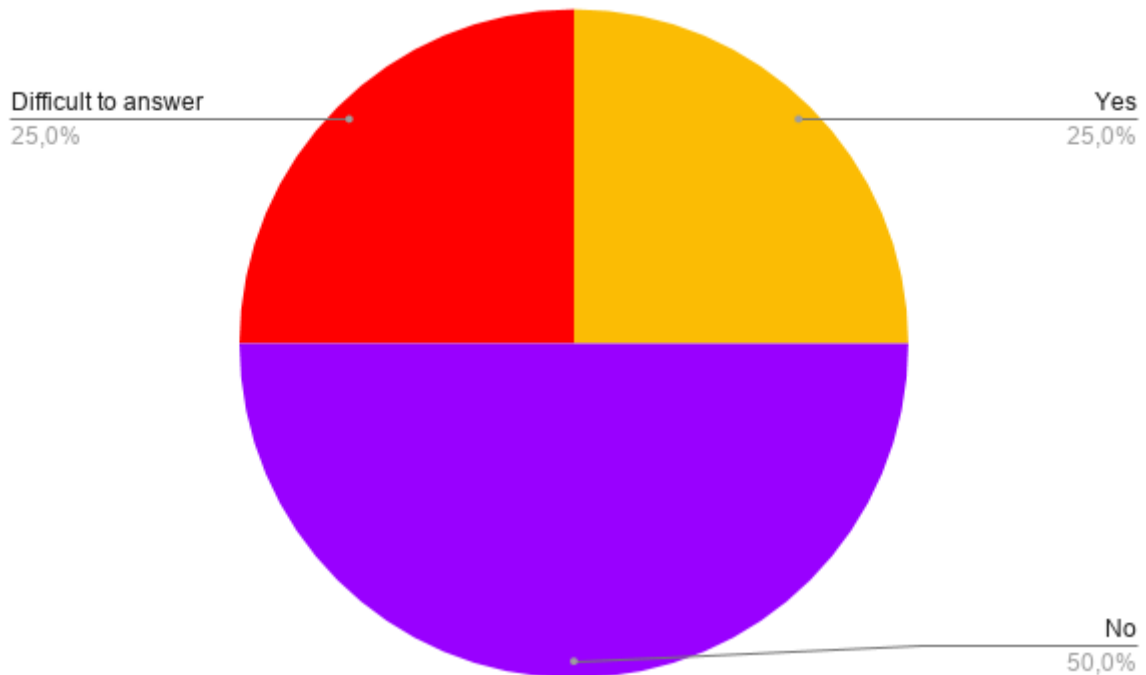


Figure 16. Distribution of answers to the question “Are you going to look for a new job in the near future?”

The diagram shows that despite the difficulties with prospects and dissatisfaction with the bonus system in the company, half of the employees do not consider finding a job in the near future (they do not hope to find work with a more worthy motivation and incentive system), but they still consider this quarter.

As a result, we can conclude that the current staff incentive system is related to the payment of bonuses to employees of the sales department on the amount of personal sales (bonus - the smallest part of the total salary), technical department - on the performance of work (and the premium - the majority of the total salary). Most employees do not evaluate such a system as fair, do not see prospects in the organization’s work under such conditions, but still do not expect to seek a new job in the near future. This is due to the lack of a large number of vacancies with high wages in the country’s market, including. Nevertheless, the relatively low staff turnover is due not to the loyalty of the company employees, but to the unattractiveness of other possible jobs. Nevertheless, the average staff turnover in the company is. In 2018, the management of the company itself can consider the effectiveness of motivation as high, since revenue has grown more significantly than the increase in labor costs, but in the future there may be problems with staff. To improve the work of the company, further growth in sales and profits, it is necessary to apply other methods of staff

motivation, to increase employee loyalty.

3.4. Suggestions for improving the motivation system and forecast

Since STA tehniks OÜ is a small organization, the possibilities for developing an employee motivation system for such an organization are quite limited. The current motivation system is result-oriented - the final salary, taking into account the bonus, depends on the personal result of the employee. For various reasons, not all employees are satisfied with this situation; not everyone sees justice in such a system.

To improve the interest of employees in increasing the effectiveness of results, it is possible to improve the motivation system in the following areas:

- 1) the introduction of an entrepreneurial approach to management;
- 2) a change in the incentive system for technical workers;
- 3) the introduction of a personnel reserve system.

An entrepreneurial approach to management is “the search for new opportunities that exist not only in the external environment, but also in the internal environment of the organization, for example, the transfer of authority to subordinates and their inclusion in the decision-making process, the formation of an entrepreneurial mentality and behavior” (Smirnova, 2019). It involves a greater delegation of staff to solving complex problems, for example:

- search for opportunities for new business areas;
- supervision of the whole areas of the organization;
- receiving part of the income “in fairness” from own implemented areas and projects.

An example here is the development by an employee of a new project of activity (the introduction of a new service or the sale of a new type of equipment), the search for clients for this project, the organization of negotiations and the conclusion of a transaction with the approval of the project by the manager. In the case of a successful transaction, the employee receives not just a certain percentage of the premium, but part of the income from the transaction. Here you can also form a project team - that is, a sales employee paired with a technical employee who distribute this part of the net income among themselves.

Changing the incentive system for technical workers suggests the possibility of additional bonuses for these workers for:

- participation in projects within the framework of implementing the “entrepreneurial approach” described above, when sales staff can organize their own projects and thereby increase company sales through new services and new customers;
- the development of rationalization technical proposals that can reduce costs, increase the speed of technical work on facilities, types of services, etc., with justification and receiving part of the premium for such savings.

Finally, the personnel reserve system will allow motivating employees for better results and at the same time preparing a possible replacement for the head (full-fledged deputy for commercial or technical issues). Also, such a system will allow the storekeeper to be trained as an accountant or a sales employee with the prospect of a replacement, and an auxiliary worker as a technical worker with the prospect of a replacement. In the sales and technical departments, the introduction of the posts “specialist” and “leading specialist” is recommended, with an increase in the position and salary for seniority and work efficiency, with internal corporate training for occupation during the absence of the director of his post (temporary performance of duties). Thus, the changes in the motivation system proposed for STA tehniks OÜ can be represented in the form of the following figure.

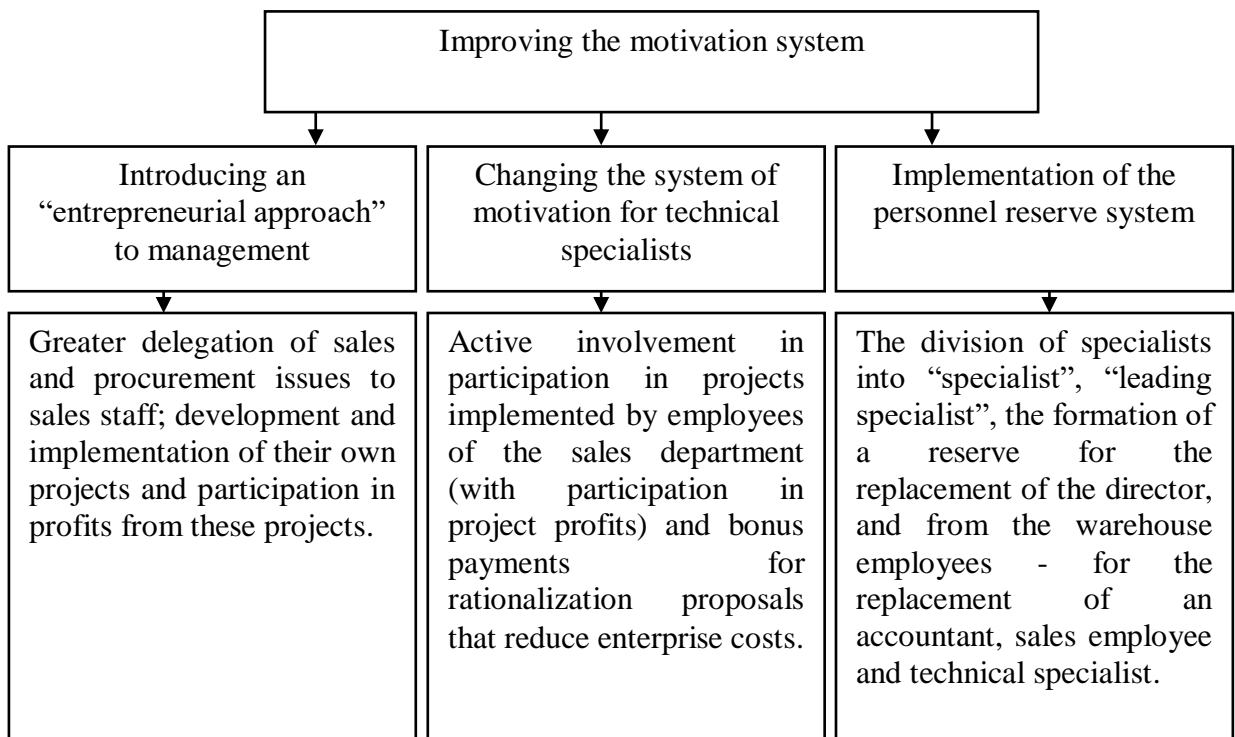


Figure 17. Directions for improving the motivation system in STA tehniks OÜ

Thus, to improve the company's motivation system, the introduction of an "entrepreneurial approach" to management (with the expansion of delegation, project management, participation in project profits), a change in the system of motivation for technical specialists (participation in profits under projects, and bonus payments for rationalization proposals) were proposed), the introduction of a personnel reserve (increasing the prospects of occupying a higher position, including for warehouse employees, including through internal corporate training). All this will allow both to increase the possible sales volumes of the company, and increase the loyalty of the company employees (which should reduce turnover and increase interchangeability within the organization).

SUMMARY

The solution of the tasks allowed to draw a number of basic conclusions.

The competitiveness of an enterprise is an economic category that shows how effective the activities of one enterprise are compared to others. Competitiveness factors are circumstances that affect the level and nature of an enterprise's competitiveness. These factors may be external and not dependent on the management of the enterprise, but may be internal, depending on the organization of management. Usually, "key success factors" are distinguished for different enterprises in the following areas: management, marketing and sales, product (service), technologists and personnel management. Personnel management is an important group of factors of enterprise competitiveness, it allows you to create high-quality human capital, to direct the motivation of employees to increase productivity and labor quality.

Personnel motivation is a process that is associated with the formation of employees motives for effective work. It is closely related to the process of stimulating workers (tangible and intangible). Motivation largely determines the quality and productivity of labor, the formation of the human capital of the organization through the consolidation of experienced and qualified specialists. All this is connected with the system of remuneration and bonuses, and with the creation of conditions for the growth of staff satisfaction with work in the organization, and with the rationality of incentives - so that it really aims to increase productivity, quality, and increase the competitive advantages of the enterprise.

STA tehniks OÜ, a research organization, is a small business selling and installing electronic and telecommunication equipment. The enterprise has a small number of staff, the staff does not have a personnel service (the head is engaged in everything). At the same time, the company operates in a highly competitive market, therefore it needs to have competitive advantages in the quality of services, for which it is necessary to develop an effective staff motivation system. It is required to find the relationship between staff motivation and enterprise competitiveness and further develop measures to improve the motivation system in STA tehniks OÜ.

Assessing the competitiveness of the enterprise, it is necessary to determine the goal, on the basis

of which to select the competitors of the enterprise with which comparisons will be made, select the key characteristics that reflect the competitive positions of enterprises (including using an expert assessment), obtain data on these characteristics and evaluate them (using quantitative and qualitative research methods), compare these characteristics and draw conclusions about the strengths and weaknesses of the enterprise-object, including in comparison with competitors (SNW analysis, and then this is taken into account in the enterprise SWOT analysis), or it is possible to calculate the integrated indicators for enterprises and compare these indicators of competitors, as well as with the “ideal” (maximum) indicator. Since personnel or personnel is one of the key success factors in all areas, it is necessary to select and study factors that characterize quality, movement, staff motivation, and labor productivity.

To study the competitiveness of STA tehniks OÜ, including the impact of the personnel motivation system on competitiveness, it is necessary to select key success factors, competitors, make basic calculations for quantification and identify data through qualitative assessments (using interviews, expert evaluations, questionnaires), submit an SNW analysis the organization under study by key factors and the integral indicator of it and its competitors. At the same time, pay special attention to key indicators related to personnel management and personnel motivation in order to assess the contribution of motivation to the formation of competitive results. For analysis, data were collected on the company (provided to the author by the company), from open sources (on competitors), as well as an interview with the head and third-party experts, customer reviews were reviewed.

An analysis of the economic performance of STA tehniks OÜ led to a number of conclusions. It is noted that for the period 2014-2018. significantly increases sales, profits. Of the costs, the largest increase is material (the cost of goods, and these costs more than 90% of the total cost of the enterprise), and labor costs do not grow so significantly. The company improves the profitability indicators significantly in the analyzed period, as well as indicators of labor productivity. The maximum growth in sales, profit and efficiency was in 2018. At the same time, the enterprise has high liquidity and financial stability indicators for the entire period, and an average staff turnover level. Comparison with competitors showed that STA tehniks OÜ is ahead of competitors in many respects: in terms of sales and profitability, profitability, labor productivity, liquidity, average staff salary, although there are certain shortcomings in the company’s activities that some competitors do not show up in number, in terms of personnel management (system of selection, growth, promotion of personnel, for example).

An analysis of the motivation system allowed us to conclude that the current incentive system for

personnel is related to the payment of bonuses to employees of the sales department on the volume of personal sales (bonus - the smallest part of the total salary), technical department - on the performance of work (and the premium - the majority of the total salary). Most employees do not evaluate such a system as fair, do not see prospects in the organization's work under such conditions, but still do not expect to seek a new job in the near future. This is due to the lack of a large number of vacancies with high wages in the country's market, including. Nevertheless, the relatively low staff turnover is due not to the loyalty of the company employees, but to the unattractiveness of other possible jobs. Nevertheless, staff turnover in the company is. The management of the company may consider the effectiveness of motivation for 2018 as high, since revenue has grown more significantly than the increase in labor costs, but in the future there may be problems with staff.

To improve the company's motivation system, the introduction of an "entrepreneurial approach" to management (with the expansion of delegation, project management, participation in project profits), a change in the system of motivation of technical specialists (participation in profits under projects, bonus payments for rationalization proposals), the introduction of a personnel reserve are proposed. All this will allow both to increase the possible sales volumes of the company, and increase the loyalty of the company employees (which should reduce turnover and increase interchangeability within the organization).

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APPENDICES

Appendix 1. Identification of key success factors for an enterprise operating in the sale and installation of security systems

Management
Strategic management
Availability of technical service in the management structure
Marketing and sales
The presence of a quality online store site
Participation in the public procurement system
Product
Availability of connection (installation) services
Availability of repair services
Predominantly positive customer reviews
Technology
Customer service automation
Finance
Normal current liquidity level (> 2)
Normal level of financial autonomy (> 0.3)
High sales dynamics
High dynamics of operating profit
High dynamics of net profit
High rates of return on sales
High return on assets
Staff
Stability (low turnover) of staff
Labor productivity growth
Normal salary for the industry
Result oriented bonus system
System of selection, growth and promotion
Normal working conditions in the workplace

Source: Compiled by the author independently based on interviews with STA technicians OÜ

Appendix 2. Evaluation of weight categories of key success factors for an enterprise working in the sale and installation of security systems

Factors	Assessment of importance by experts (1-10 points)				Average rating	Weight coefficient
	1	2	3	4		
Management						
Strategic management	3	5	5	4	4,25	0,0328
Availability of technical service in the management structure	10	8	7	8	8,25	0,0636
Marketing and sales						
The presence of a quality online store site	7	8	7	10	8,00	0,0617
Participation in the public procurement system	5	4	7	5	5,25	0,0405
Product						
Availability of connection (installation) services	10	8	7	10	8,75	0,0674
Availability of repair services	8	7	7	5		
Predominantly positive customer reviews	5	8	8	10	7,75	0,0597
Technology						
Customer service automation	4	5	8	7	6,00	0,0462
Finance						
Normal current liquidity level (> 2)	7	7	8	5	6,75	0,0520
Normal level of financial autonomy (> 0.3)	5	6	5	5	5,25	0,0405
High sales dynamics	4	6	6	10	6,50	0,0501
High dynamics of operating profit	6	7	6	10	7,25	0,0559
High dynamics of net profit	7	7	6	6	6,50	0,0501
High rates of return on sales	5	8	7	10	7,50	0,0578
High profitability of assets	8	8	7	5	7,00	0,0539
Staff						
Staff stability	5	5	4	5	4,75	0,0366
Labor productivity growth	7	8	10	6	7,75	0,0597
Normal salary level for the industry	8	5	5	6	6,00	0,0462
Bonus system, result oriented	9	10	10	8	9,25	0,0713
System of selection, growth and promotion	5	2	1	1	2,25	0,0173
Normal working conditions in the workplace	6	5	4	4	4,75	0,0366
Total					129,75	1,0000

Source: Compiled by the author independently based on interviews with STA tehniks OÜ

Appendix 3. Financial Statements of STA tehniks OÜ

Bilanss

(eurodes)

	31.12.2018	31.12.2017	Lisa nr
Varad			
Käibevarad			
Raha	89 539	19 052	2
Nõuded ja ettemaksud	1 230 990	649 153	3
Varud	579 268	511 585	4
Kokku käibevarad	1 899 797	1 179 790	
Põhivarad			
Investeeringud tütar- ja sidusettevõtjatesse	1	1	
Kinnisvarainvesteeringud	147 048	152 239	7
Materiaalsed põhivarad	13 796	37 103	8
Kokku põhivarad	160 845	189 343	
Kokku varad	2 060 642	1 369 133	
Kohustised ja omakapital			
Kohustised			
Lühiajalised kohustised			
Võlad ja ettemaksud	870 344	473 537	9
Kokku lühiajalised kohustised	870 344	473 537	
Kokku kohustised	870 344	473 537	
Omakapital			
Osakapital nimiväärtuses	2 560	2 560	12
Kohustuslik reservkapital	256	256	
Eelmiste perioodide jaotamata kasum (kahjum)	892 780	808 829	
Aruandeaasta kasum (kahjum)	294 702	83 951	
Kokku omakapital	1 190 298	895 596	
Kokku kohustised ja omakapital	2 060 642	1 369 133	

Kasumiaruanne

(eurodes)

	2018	2017	Lisa nr
Müügitulu	5 922 244	2 613 636	13
Muud äritulud	21 239	21 991	14
Kaubad, toore, materjal ja teenused	-5 136 768	-2 133 494	15
Mitmesugused legevuskulud	-72 555	-51 782	16
Tööjõukulud	-348 350	-296 262	17
Põhivarade kulum ja väärtuse langus	-29 523	-47 945	7+8
Muud ärikulud	-61 591	-22 196	18
Ärikasum (kahjum)	294 696	83 948	
Muud finantstulud ja -kulud	6	3	
Kasum (kahjum) enne tulumaksustamist	294 702	83 951	
Aruandeaasta kasum (kahjum)	294 702	83 951	

Bilanss

(eurodes)

	31.12.2017	31.12.2016	Lisa nr
Varad			
Käibevarad			
Raha	19 052	35 644	2
Nõuded ja ettemaksed	649 153	269 341	3
Varud	511 585	403 904	4
Kokku käibevarad	1 179 790	708 889	
Põhivarad			
Investeeringud tütar- ja sidusettevõtjatesse	1	1	
Nõuded ja ettemaksed	0	43 127	3
Kinnisvarainvesteeringud	152 239	157 430	7
Materiaalsed põhivarad	37 103	61 357	8
Kokku põhivarad	189 343	261 915	
Kokku varad	1 369 133	970 804	
Kohustised ja omakapital			
Kohustised			
Lühiajalised kohustised			
Võlad ja ettemaksed	473 537	159 159	9
Kokku lühiajalised kohustised	473 537	159 159	
Kokku kohustised	473 537	159 159	
Omakapital			
Osakapital nimiväärtuses	2 560	2 560	12
Kohustuslik reservkapital	256	256	
Eelmiste perioodide jaotamata kasum (kahjum)	808 829	806 840	
Aruandeaasta kasum (kahjum)	83 951	1 989	
Kokku omakapital	895 596	811 645	
Kokku kohustised ja omakapital	1 369 133	970 804	

Kasumiaruanne

(eurodes)

	2017	2016	Lisa nr
Müügitulu	2 613 636	1 554 629	13
Muud äritulud	21 991	16 626	14
Kaubad, toore, materjal ja teenused	-2 133 494	-1 205 376	15
Mitmesugused tegevuskulud	-51 782	-89 658	16
Tööjõukulud	-296 262	-218 820	17
Põhivarade kulum ja väärtuse langus	-47 945	-46 093	
Muud ärikulud	-22 196	-9 324	18
Ärikasum (kahjum)	83 948	1 984	
Muud finantstulud ja -kulud	3	5	
Kasum (kahjum) enne tulumaksustamist	83 951	1 989	
Aruandeaasta kasum (kahjum)	83 951	1 989	

Bilanss

(eurodes)

	31.12.2016	31.12.2015	Lisa nr
Varad			
Käibevarad			
Raha	35 644	53 772	2
Nõuded ja ettemaksud	269 341	261 700	3
Varud	403 904	419 360	4
Kokku käibevarad	708 889	734 832	
Põhivarad			
Investeeringud tütar- ja sidusettevõtjatesse	1	1	
Nõuded ja ettemaksud	43 127	20 834	3
Kinnisvarainvesteeringud	157 430	162 620	6
Materiaalsed põhivarad	61 357	102 260	7
Kokku põhivarad	261 915	285 715	
Kokku varad	970 804	1 020 547	
Kohustised ja omakapital			
Kohustised			
Lühiajalised kohustised			
Laenukohustised	0	50 001	8
Võlad ja ettemaksud	159 159	160 890	9
Kokku lühiajalised kohustised	159 159	210 891	
Kokku kohustised	159 159	210 891	
Omakapital			
Osakapital nimiväärtuses	2 560	2 560	12
Kohustuslik reservkapital	256	256	
Eelmiste perioodide jaotamata kasum (kahjum)	806 840	792 593	
Aruandeaasta kasum (kahjum)	1 989	14 247	
Kokku omakapital	811 645	809 656	
Kokku kohustised ja omakapital	970 804	1 020 547	

Kasumiaruanne

(eurodes)

	2016	2015	Lisa nr
Müügitulu	1 554 629	2 167 917	13
Muud äritulud	16 626	9 841	14
Kaubad, toore, materjal ja teenused	-1 205 376	-1 757 267	15
Mitmesugused legevuskulud	-89 658	-54 583	16
Tööjõukulud	-218 820	-290 145	17
Põhivarade kulum ja väärtuse langus	-46 093	-49 100	
Muud ärikulud	-9 324	-12 456	18
Ärikasum (kahjum)	1 984	14 207	
Muud finantstulud ja -kulud	5	40	
Kasum (kahjum) enne tulumaksustamist	1 989	14 247	
Aruandeaasta kasum (kahjum)	1 989	14 247	

Bilanss

(eurodes)

	31.12.2015	31.12.2014	Lisa nr
Varad			
Käibevara			
Raha	53 772	64 008	2
Nõuded ja ettemaksed	261 700	292 566	3
Varud	419 360	436 496	4
Kokku käibevara	734 832	793 070	
Põhivara			
Investeeringud tütar- ja sidusettevõtjatesse	1	1	
Nõuded ja ettemaksed	20 834	19 282	3
Kinnisvarainvesteeringud	162 620	167 810	6
Materiaalne põhivara	102 260	146 170	7
Kokku põhivara	285 715	333 263	
Kokku varad	1 020 547	1 126 333	
Kohustused ja omakapital			
Kohustused			
Lühiajalised kohustused			
Laenukohustused	50 001	140 001	8
Võlad ja ettemaksed	160 890	190 923	9
Kokku lühiajalised kohustused	210 891	330 924	
Kokku kohustused	210 891	330 924	
Omakapital			
Osakapital nimiväärtuses	2 560	2 560	13
Kohustuslik reservkapital	256	256	
Eelmiste perioodide jaotamata kasum (kahjum)	792 593	783 121	
Aruandeaasta kasum (kahjum)	14 247	9 472	
Kokku omakapital	809 656	795 409	
Kokku kohustused ja omakapital	1 020 547	1 126 333	

Kasumiaruanne

(eurodes)

	2015	2014	Lisa nr
Müügitulu	2 167 917	1 613 607	14
Muud äritulud	9 841	8 892	15
Kaubad, toore, materjal ja teenused	-1 757 267	-1 258 158	16
Mitmesugused tegevuskulud	-54 583	-57 285	17
Tööjõukulud	-290 145	-238 167	18
Põhivara kulum ja väärtuse langus	-49 100	-49 628	6,7
Muud ärikulud	-12 456	-9 831	19
Kokku ärikasum (-kahjum)	14 207	9 430	
Muud finantstulud ja -kulud	40	42	
Kasum (kahjum) enne tulumaksustamist	14 247	9 472	
Aruandeaasta kasum (kahjum)	14 247	9 472	

Appendix 4. Questionnaire for STA tehniks OÜ sales and technical department personnel

Dear employees of the enterprise! We ask you to answer absolutely anonymously to the questions in this questionnaire. This study is necessary to summarize the results of applying the motivation system at the enterprise and form the final conclusions by an external expert for the head of your enterprise to improve the motivation system.

1. You work in a division:
 - a) sales department
 - b) technical department

2. You get a bonus according to the results of:
 - a) the amount of work performed
 - b) personal sales
 - c) total sales of the enterprise

3. The share of the premium in your monthly salary:
 - a) more than 50%
 - b) less than 50%

4. Do you rate the accrued premium as fair?
 - a) yes
 - b) no
 - c) I find it difficult to answer

5. Do you see the prospects for further work in the company as a specialist?
 - a) yes
 - b) no
 - c) I find it difficult to answer

6. Are you going to look for a new job in the near future?
 - a) yes
 - b) no
 - c) I find it difficult to answer

Thank you for your responses. They are very useful to us for evaluating the motivation system and its improvement in the company.

Appendix 5. SNW and SWOT analysis of STA tehniks OÜ

Enterprise SNW Analysis

Performance / Competitors	Rating		
	S - strong	N - neutral	W - weak
Management			
Strategic management			+
Availability of technical service in the management structure	+		
Marketing and sales			
Site rating by PR-CY		+	
Participation in the public procurement system			+
Product			
Availability of connection (installation) services	+		
Availability of repair services	+		
Customer reviews			+
Technology			
Customer service automation	+		
Finance			
Current liquidity level (> 2)	+		
Level of financial autonomy (> 0.3)	+		
Sales dynamics, %	+		
Dynamics of operating profit, %	+		
Dynamics of net profit, %	+		
Profitability of sales, %	+		
Profitability of assets, %	+		
Staff			
Flow rate		+	
Labor productivity (thousand euros / person)	+		
Average salary per 1 person, thousand euros	+		
Bonus system, result oriented	+		
System of selection, growth and promotion			+
Normal working conditions in the workplace		+	

Enterprise SWOT Analysis

Internal environment	
Strengths (S)	Weaknesses (W)
Availability of technical service, installation and repair services; Automation of work with clients; High liquidity and financial stability; High sales dynamics; High dynamics of profit indicators; High rates of profitability; High labor productivity and its growth; High salary in comparison with competitors; Results-Based Bonuses.	Lack of strategic planning; Non-participation in public bidding; Few customer reviews; Lack of personnel selection, growth and promotion systems in the personnel management system.
External environment	
Opportunities (O)	Threats (T)
Development of needs for security services; Development of automated data transmission systems; Online Sales Development.	Recession in the economy at the beginning of 2020; Coronavirus epidemic in 2020 and threats to the development of services; Development of own sales of security systems and their maintenance in security agencies (in addition to the actual security services).

Appendix 6. Lihtlitsents

Lihtlitsents lõputöö reprodutseerimiseks ja lõputöö üldsusele kättesaadavaks tegemiseks¹

Mina Maikl Kim (sünnikuupäev: 14.05.2020)

1. annan Tallinna Tehnikaülikoolile tasuta loa (lihtlitsentsi) enda loodud teose Improving the competitiveness of the enterprise through the staff motivation on the example of STA tehniks OÜ (inglise keeles); Ettevõtte konkurentsivõime tõstmine töötajate motiveerimise kaudu STA tehniks OÜ näitel (eesti keeles), mille juhendaja on Martin Toding,

1.1 reprodutseerimiseks lõputöö säilitamise ja elektroonse avaldamise eesmärgil, sh TalTechi raamatukogu digikogusse lisamise eesmärgil kuni autoriõiguse kehtivuse tähtaja lõppemiseni;

1.2 üldsusele kättesaadavaks tegemiseks TalTechi veebikeskkonna kaudu, sealhulgas TalTechi raamatukogu digikogu kaudu kuni autoriõiguse kehtivuse tähtaja lõppemiseni.

2. Olen teadlik, et käesoleva lihtlitsentsi punktis 1 nimetatud õigused jäävad alles ka autorile.

3. Kinnitan, et lihtlitsentsi andmisega ei rikuta teiste isikute intellektuaalomandi ega isikuandmete kaitse seadusest ning muudest õigusaktidest tulenevaid õigusi.

¹*Lihtlitsents ei kehti juurdepääsupiirangu kehtivuse ajal, välja arvatud ülikooli õigus lõputööd reprodutseerida üksnes säilitamise eesmärgil.*