

DEVELOPMENT OF ENTREPRENEURSHIP TO INCREASE THE NUMBER OF SKILLED BUSINESS ENTITIES

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ABSTRACT

The article reveals the essence of the concept of "Entrepreneurial skill" as a determinant of the quality of business entities. The method of quantitative measurement of entrepreneurial ability and the choice of the qualitative status of an entrepreneur has been scientifically substantiated. It is recommended to use a quantitative multiplier estimation mechanism for Key Performance Indicators(KPI). Hard, soft and digital entrepreneurship skills are distinguished when evaluating entrepreneurial ability using the "KPI" tool. The level of development of entrepreneurial abilities of 100 existing business entities in Bukhara region is evaluated. On the basis of such evaluation indicators, three quality levels of the real achieved entrepreneurial ability of business entities in the region were determined by the author's method: "excellence entrepreneur", "potential entrepreneur" and "unskilled entrepreneur".

Key words: business entities, entrepreneurial ability, business excellence, European Foundation for Quality Management (EFQM), "Key Performance Indicators" (KPI), hard entrepreneurial skills, soft entrepreneurial skills, digital entrepreneurial skills, excellence entrepreneur, potential entrepreneur, unskilled entrepreneur.

INTRODUCTION

In the Decree of the President of the Republic of Uzbekistan "On the Development Strategy of New Uzbekistan for 2022-2026" the third priority direction is determined as "To develop the national economy and its growth rates at the level of modern requirements based on further support of entrepreneurship, reduction of tax burden, creation of business environment and necessary infrastructure" [1]. To fulfill this important task, it is necessary to look for new ways to develop the sphere of small business and private entrepreneurship. Because in our country, the development of small business and private entrepreneurship serves as an effective mechanism for reducing poverty.

By the end of 2021, the share of the small business and private entrepreneurship industry in the country's gross domestic product was 54.9 percent [2]. According to the data of the Organization for Economic Cooperation and Development (OECD), this figure is 60% in Japan and China, 56% in France, and 51% in the USA and Great Britain [3]. However, Uzbekistan lags far behind these countries in terms of living standards. Therefore, to sharply reduce the poverty of the population of our country, there is a need to take into account not quantitative indicators only but the qualitative aspects of the development of small business and private entrepreneurship. For this, it is necessary to develop measures for the research and implementation of an innovative mechanism related to the improvement of the quality of activity of business entities, such as the improvement of "entrepreneurial excellence", which has been tested abroad and has great prestige.

Research Methodology

In the study, the meaning of the concept of "entrepreneurial excellence" is explained by the method of monographic analysis. Using the method of grouping, the human entrepreneurial ability was divided into three groups of qualities - hard, soft, and digital skills, and a description was given to them. The EFQM "Business Excellence" model is detailed using the content analysis method. Using the method of systematic analysis, the input, process, and output components are defined in the model of entrepreneurship assessment. According

to the Decree of the President of the Republic of Uzbekistan dated October 3, 2019, the newly emphasized "Civil Service Development Agency under the President of the Republic of Uzbekistan" has the task of "implementing modern methods of management and performance evaluation of employees based on integrated key performance indicators (KPI)" [1] the KPI tool was used to assess entrepreneurial ability.

Literature Review

Various sources were used to define the concept of "entrepreneurial excellence". The English phrase "Entrepreneurial Excellence" in Uzbek means "High-quality entrepreneurship", or "Entrepreneurial skill". We accepted its translation as "Entrepreneurial excellence". Because, in the dictionaries, the word "excellence" was defined as "representative of the best idea" [4]. According to the "Business Excellence Management System" developed by GK Kanji, "Business Excellence is a management concept derived from the concept of Total Quality Management (TQM) and represents the last stage of its evolutionary development" [5].

In her book, *Achieving Organizational Excellence: A Quality Management Program for Culturally Diverse Organizations*, Fluvi Lasrado elaborates on the term "business excellence" as follows: Today, this popular term helps to understand the importance of excellence in all aspects of business, not just product and process quality. It guides all types of organizations - public, private, service, educational, medical, commercial, and non-profit - to success. The qualitative approaches used to select award-winning organizations are largely similar [6].

R.Mann, M.Muhammad, and M.T.Agustin in their work "Understanding Business Excellence - An Awareness Guide for Small Businesses and Private Entrepreneurs" stated "Business Excellence" is the most effective means of ensuring not only the quality system but also the stability of the organization for creating and strengthening organizational management systems and processes to increase labor productivity and create value for shareholders. The "Business Excellence Model" (BEM) was originally known as the "Total Quality Management (TQM) model" [7].

L. Rocha-Lona, L. A. Garza-Reyes, and V. Kumar who co-authored the monograph "Building Quality Management Systems: Choosing the Right Methods and Tools" stated that "Business excellence is important results from the basic concepts of control and statistical process control (SPC) and is the goal of a holistic approach, which has become a whole approach based on efficiency-oriented business criteria" [8].

Also, in the preparation of the article, the decree of the President of the Republic of Uzbekistan dated October 5, 2016 "On additional measures to ensure the rapid development of entrepreneurial activity, comprehensive protection of private property and qualitatively improve the business environment" and November 20, 2019 "Further improvement of the business environment in the country" and the decision PQ-4525 on measures to improve the entrepreneurship support system was used.

Analysis and results

By "entrepreneurial excellence" we mean that an entrepreneur works at the level of an advanced business entity, serving the well-being of the region and the state, while looking out for his interests and satisfying the needs of his customers. The "entrepreneurial ability" of business entities serves as the foundation of entrepreneurial skills. Entrepreneurial ability is a combination of a person's ability to combine economic resources on his initiative, start a new business, master innovations, take reasonable risks, and effectively run and manage business in a market way.

The study of the existing approaches of scientists to the assessment of entrepreneurial ability shows that in the process of determining such ability of entrepreneurial subjects, focusing more on the evaluation of opportunities, the issues of evaluation of partial and final results are neglected. Such an approach does not give a full opportunity to realize the economic potential of a business person as a factor of production and turn it into a means of reducing poverty.

It was concluded that the "Business Excellence" model, created in cooperation with leading European companies with the support of the European Foundation for Quality Management (EFQM), serves as an

effective tool for assessing entrepreneurial ability about both opportunities (qualities) and results (partial and final) (Figure 1).

According to Dmitriy Maslov, a member of the expert group of the European Foundation for Quality Management on the revision of the EFQM-2006 model, Alexander Shestakov, an expert of the jury for the award of the Government of the Russian Federation for quality, and Derek Midhurst, director of the UK company "D&D Excellence Limited": "The philosophy of Total Quality Management (TQM) As a European interpretation, the EFQM concept, in turn, is a practical tool (model) intended for use for quality improvement" [9].

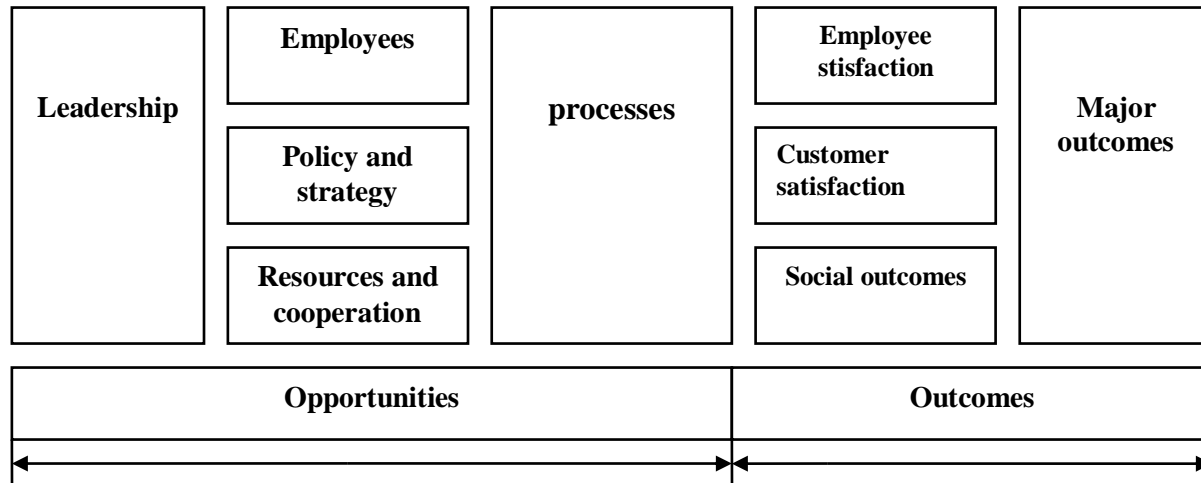


Figure 1. Business excellence model of the European Foundation for Quality Management (EFQM) [10]

It should be noted that EFQM's characteristic feature of the "Business Excellence" model is to assess the "business skills" of operating business entities. During 1992-2017, more than 20,000 different European companies [11] used this model, participating in various competitions, determining enterprise quality management, self-assessing the quality of their business activities, and developing strategies for improving the quality of business.

To determine the "entrepreneurial skill" of business entities in the conditions of Uzbekistan, we recommend the quantitative multiplier evaluation mechanism of "Key Performance Indicators" (KPI) as a method of quantitative measurement of entrepreneurial ability and selection of the quality status of an entrepreneur.

KPI (Key Performance Indicators) "are quantitative indicators of effective activity which help to measure the degree of achievement of goals or the optimality of the process" [12]. KPI is widely used abroad in personnel management systems as a mechanism for assessing the effectiveness and efficiency of employees' work. We believe that the use of the KPI concept in the assessment of entrepreneurial ability will have a good effect. Because it is a "quantitative measurement indicator of real achieved results, measures of the effectiveness, efficiency, and productivity of business processes" [13]. KPI is also a mechanism that allows to evaluate and monitor the work of people, groups, the company and its divisions [14].

Efficiency and effectiveness describe two aspects of KPI. On the one hand, if the "efficiency" indicator is calculated based on the ratio between the achieved effect and the cost, on the other hand, the "effectiveness" indicator is shown in the absolute form of how to achieve the result, the effect (for example, the ability to perform this or that task). In our dissertation research, we considered it appropriate to use KPI as an effective evaluation mechanism for determining the developed level of entrepreneurial ability, based on the content of "an important indicator of performance". Because, in the process of assessing the entrepreneurial ability of business entities, the use of the KPI mechanism makes it possible to express the entrepreneur's skills through quantitative

indicators.

Therefore, we decided to translate the English phrase “Key Performance Indicators” (KPI) into the Uzbek language and use the abbreviated English – “KPI” in the text.

The algorithm for developing key performance indicators (KPI) for assessing the entrepreneurial ability of business entities may consist of the following processes:

1. Inputting the main criteria for assessing entrepreneurial ability, consisting of hard, soft, and digital skills, into the KPI system using Latin letters:
 - KPI(H) - Key criterion of hard business skills;
 - KPI(S) - Key criterion of soft entrepreneurial skills;
 - KPI(D) - Key digital of soft entrepreneurial skills.
2. Expressing the subcriteria describing the main criteria of entrepreneurship assessment to the KPI system by numbers:
 - KPI(H) - Hard skills: KPI (H1). Marketing skills; KPI (H2). The art of management; KPI(H3). Innovative skills; KPI(H4). Ability to take risks; KPI(H5). Economic literacy.
 - KPI(S) - Soft skills: KPI(S1). Personal qualities; KPI(S2). Interpersonal skills; KPI(S3). Leadership qualities.
 - KPI(D) - Digital skills: KPI(D1). Digital marketing skills; KPI(D2). Digital Entrepreneurship Skills; KPI(D3). Digital Technology-skills of using them in business activities.
3. Development of key performance indicators (KPI) describing the main criteria for assessing entrepreneurial ability (Table 1).

In the 2nd column of Table 1, a total of 50 important indicators of entrepreneurial skills (KPIs), including 20 describing 5 sub-criteria of the main criteria "H - Hard skills"; 15 describing the 3 sub-criteria of the main criteria "S - Soft Skills"; 15 key skill indicators (KPIs) were developed, describing the 3 sub-criteria of the main criteria "D - Digital skills". Based on these 50 recommended evaluation indicators, it becomes possible to calculate the “Entrepreneurial ability development multiplier” of business entities.

Table 1.

The process of evaluating entrepreneurial ability according to the KPI system²⁷

²⁷ Source: Based on the author’s research

The main evaluation criteria	Key Performance Indicators (KPI)	Score
1	2	3
H (Hard entrepreneur skills)		
H1. Marketing skills	KPI (H1.1). Market, customer and product research.	
	KPI (H1.2). Ability to focus on customers and divide customers into target groups (segmentation) and product placement.	
	KPI (H1.3). Knowing how to increase sales.	
	KPI (H1.4). Evaluation of the effectiveness of advertising activities and development of the enterprise brand.	
	KPI (H1.5). To have methods to evaluate competitors and to choose price strategies.	
H2. Managerial skills	KPI (H2.1). Organizational ability	
	KPI (H2.2). Ability to make decisions in conditions of uncertainty.	
	KPI (H2.3). Ability to motivate success.	
	KPI (H2.4). Have planning skills.	
	KPI (H2.5). Knowledge of efficient methods of economic management.	
H3. Innovative skills	KPI (H3.1). Tendency to innovation.	
	KPI (H3.2). Ability to develop new products (services).	
	KPI (H3.3). Propensity to read books, ask questions, observe and conduct scientific experiments.	
	KPI (H3.4). Ability to think creatively and find and implement innovative business ideas.	
H4. Ability to take risks	KPI (H4.1). To be able to work effectively in conditions of moderate risk.	
	KPI (H4.2). Business risk mitigation and insurance.	
H5. Economic literacy	KPI (H5.1). Attracting investments to business.	
	KPI (H5.2). Financial and tax literacy.	
	KPI (H5.3). Increasing labor productivity and production efficiency.	
	KPI (H5.4). Reduce costs and ensure profitability.	
Sum of points for the main criterion "H" (on a scale of 0-40):		
S (Soft entrepreneur skills)		
S1. Personal virtues	KPI (S1.1). Ability to take initiative and work independently.	
	KPI (S1.2). Analytical thinking and flexibility of mind.	
	KPI (S1.3). Self-confidence and dedication to one's work.	
	KPI (S1.4). Striving for success and perseverance.	
	KPI (S1.5). Hard work and entrepreneurship.	
S2. Interpersonal	KPI (S2.1). Ability to write business letters.	
	KPI (S2.2). Ability to understand people and convince them.	

skills	KPI (S2.3). Tendency to negotiate.	
	KPI(S2.4). Ability to see and use opportunities.	
	KPI (S2.5). Ability to use time effectively.	
S3. Leadership qualities	KPI(S3.1). Ability to make decisions quickly and effectively.	
	KPI (S3.2). Effective communication skills.	
	KPI (S3.3). The ability to establish relationships.	
	KPI(S3.4).The ability to find valuable information about the state of markets.	
	KPI(S3.5). Ability to find promising opportunities for business development.	
<i>Sum of points for the main criterion "S" (0-30 points):</i>		
D (Digital entrepreneur skills)		
D1. Digital marketing skills	KPI (D1.1). Being able to engage in e-commerce.	
	KPI (D1.2). Ability to use social networks to attract customers.	
	KPI (D1.3). Internet advertising skills.	
	KPI (D1.4). Search engine marketing skills.	
D2. Digital business skills	KPI (D2.1). Digital communication skills through digital communication tools (email, social media, own website).	
	KPI (D2.2). Digital project and product management.	
	KPI (D2.3). Using blockchain technology.	
	KPI (D2.4). Programming and web application development (Networking).	
	KPI (D2.5). Digital design and data visualization.	
D3. Technology number- skills of using them in business activities	KPI (D3.1). Ability to use Messenger (a program for instant messaging over the Internet).	
	KPI (D3.2). Ability to use "Task Trackers" (an automation tool for project work that helps define and complete tasks more easily, quickly, and efficiently).	
	KPI (D3.3). Proficiency in Excel and PowerPoint presentation skills.	
	KPI (D3.4). Ability to use Business Intelligence (BI) tools.	
	KPI (D3.5). Know the basics of cyber security.	
	KPI (D3.6). Ability to use big data (Big data) for business purposes.	
<i>Sum of points for the main criterion "D" (on a scale of 0-30):</i>		
Cumulative total points of business entities according to the main measurement criteria "H", "S" and "D" (on a scale of 0-100 points):		

In return for the diagnostic study of the activities of business entities, the multiplier of the real level of development of entrepreneurial ability (REA) is calculated. In this case, the value of important skill indicators (KPI) describing the hard (hard entrepreneur skills), soft (soft entrepreneur skills), and digital (digital entrepreneur skills) entrepreneurship skills of each business entity is determined by experts in the calculation

of points, and their sum is equal to the value of the standard indicator (100 by points) the REA coefficient was calculated. Based on the value of this coefficient, the level of real development of entrepreneurial ability is determined, and the appropriate quality status is given to the entrepreneur corresponding to it.

Based on the KPI evaluation mechanism of entrepreneurial ability, a self-assessment survey was conducted among 100 entrepreneurs of various statuses operating in the Bukhara region, based on a special questionnaire, in offline and online forms, to develop forecast parameters for the development prospects of entrepreneurship at the expense of increasing the weight of skilled business subjects [15].

In January-February 2022, we determined the level of development of the entrepreneurial ability of 100 small businesses and private business entities operating in the Bukhara region using a specially prepared questionnaire (Table 2).

Table 2

The results of the assessment of the level of development of entrepreneurial ability (TQ) of 100 business entities in the Bukhara region²⁸

Real Development Rate Multiplier (REA) of entrepreneurial abilities	The level of development of the entrepreneurial ability of business entities	the number of entrepreneurial subjects, together with the level of development of entrepreneurial ability	Share in the total assessed business entities, %
From 0.0 to 0.49	Low	12	12,0
0.50 to 0.79 g	Medium	68	68,0
From 0.80 to 0.1	Above	20	20,0
Total:		100	100

As shown in Table 2, 12 out of 100 evaluated business entities in the region have a “low” level of entrepreneurial ability, with the multiplier of the level of real development of entrepreneurial ability (REA) ranging from 0.0 to 0.49.

Among the assessed business entities, the multiplier of the real development level (REA) is between 0.50 and 0.79, and the number of those with a “medium” level of entrepreneurial ability is the largest at 68.

The multiplier of the real development level of the studied entrepreneurial subjects (REA) is between 0.80 and 0.1. It was found that the number of entrepreneurs with a “high” level of development is not much, only 20.

The diagnostic analysis of business entities operating in the Bukhara region showed that three categories of entrepreneurs – “incompetent”, “competent” and “skilled” - were distinguished according to the level of development of entrepreneurial abilities at “low”, “medium” and “high” levels. The study of their weight showed that among 100 small businesses and private entrepreneurs, the share of “Skilled Entrepreneurs” quality status is 20 percent, “Competent Entrepreneurs” is 68 percent, and “Unskilled Entrepreneurs” is 12 percent (Figure 2).

²⁸ Source: Based on the author’s research

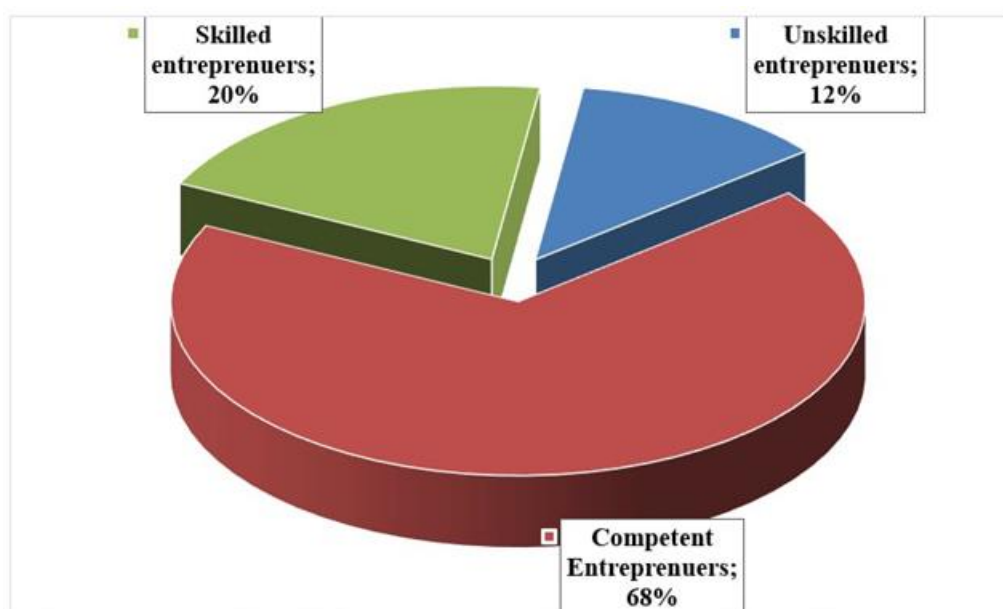


Figure 2. Weight of quality status of 100 business entities in the Bukhara region²⁹

Among those who were evaluated, the manager of Boukhara Construction company Ochilov Vahob, who has the quality status of “Skillful entrepreneur”, has a total of 81 points of important skill indicators (hard entrepreneurial skills - 31 points, soft entrepreneurial skills - 25.5 points and digital entrepreneurial skills - 24.5 points); Shavkat Ramazonov, a 58-year-old highly educated local entrepreneur who has been providing tourist services for 20 years at Arts and Deserts LLC, has a total of 81 important skill indicators (hard entrepreneurial skills - 32 points, soft entrepreneurial skills - 25.5 points and digital entrepreneurial skills - with 23.5 points); Sunnatov Yusuf, a 34-year-old non-governmental educational institution “Samarali Ta'lim”, with a PhD in economics, has a total of 82 important skill indicators (hard entrepreneurial skills - 38 points, soft entrepreneurial skills - 25.0 points and digital entrepreneurial skills - 19.0 points) with; The head of non-state educational institution “Bukhara Exchange Study”, 45-year-old candidate of agricultural sciences with 16 years of business experience, Kadirov Abbas (SKPI=85.5 points) can be cited as an example.

Conclusions and suggestions

1. “Business excellence” serves as the main quality determinant used to analyze and monitor the quality of business entities.
2. The assessment of entrepreneurial ability using “Key Performance Indicators” (KPI) makes it possible to determine the quality status of business entities, such as skilled, potential, and unskilled, through quantitative indicators.
3. Consistent development of small business and private entrepreneurship in new Uzbekistan, fully involves as well as workforce resources, and entrepreneurship resources (entrepreneurs, owners, investors, innovators, managers, market experts) in the economic process and they can be effectively used to reduce poverty and ensures further increases in the level and pace of economic growth.
4. Increasing population employment and reducing poverty based on the rapid development of entrepreneurship at the expense of increasing the weight of skilled business entities is important in ensuring the implementation of the Decree No PF-5975 of the President of the Republic of Uzbekistan dated March 26, 2020 “On measures to fundamentally update the state policy on economic development and poverty reduction”.

²⁹ Source: Based on the author’s research

5. Business development often depends on the insufficient knowledge and skills of the entrepreneur. Therefore, to succeed in the field of entrepreneurship, we believe that “entrepreneurs must have entrepreneurial skills capable of bringing value”.

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