

RNI – MPENG/2011/46472

ISSN-2249-9512



## Journal of Management Value & Ethics

(A quarterly Publication of GMA)

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*Publisher/Printer/Owner/Editor-in-Chief :*  
**Dr. Prabhakar Singh Bhadouria,**

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Regd. Office: C-17 Kailash Nagar Near New High Court Gwalior M.P. INDIA-474006,  
e-mail : jmveindia@yahoo.com, www.jmveindia.com

Annual subscription Rs.2000.00 (India) \$ 170 & euro 150 (foreign Airmail)

Printed at:

**Sai offset Throat palace, Lashkar Gwalior (M.P.)**

Graphics & Designed:

**Shivani Computer Graphics, Gwalior (M.P.)**

Mob. 9826480017

## “BUSINESS EXCELLENCE” AS A QUALITATIVE MEASURE OF ENTREPRENEURIAL ABILITY

Navruz-zoda Layli Bakhtiyorovna

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### ABSTRACT

*The article reveals the essence of the concept of "Business Excellence" as a measure of qualitative assessment of human entrepreneurial ability. The European Quality Management Foundation's (EFQM) universal model of Business Excellence has been redesigned to assess the quality of individual entrepreneurial activity - The Business Excellence in the Assessment of Entrepreneurial Ability (BEAEA) model was proposed.*

**KEY WORDS:** *Entrepreneurial ability, EFQM, business excellence, human capital, economically perfect person, perfect entrepreneur.*

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### Introduction

The new Development Strategy of Uzbekistan for 2022-2026 years pays great attention to the development of small business and private entrepreneurship (SBPE), which is a driver sector in the creation of new jobs. By the end of 2021, the share of this sector in the country's gross domestic product was 54.9% [1], reaching the level of developed countries. However, in terms of poverty, Uzbekistan lags far behind developed countries. Therefore, in order to drastically reduce poverty through the development of SBPE, it is necessary to radically improve the quality of business activities of existing businesses, to take effective measures to develop their entrepreneurial skills. The study of best practices of developed countries on this issue shows that they have begun efforts to use the fifth level organizational mechanism of quality management in the process of improving the quality of SBPE. The point is that in the development of SBPE in Europe and the United States, the transition from the old "quality inspection" to "quality control" and then to "quality assurance" and "General Quality Management" (GQM), and now from GQM to new - "Business Excellence" quality management work has begun to master the mechanism. Therefore, the study of the "path to excellence" in the development of entrepreneurship based on the concept of "business excellence" of quality management in improving the quality of SME entities is a topical issue today. The article discusses the mechanism of "business excellence" to improve the quality of business.

### Analysis of the literature on the subject

Various sources were used to define the concept of "Perfect Business Development". The word "perfect" means perfect, mature, complete, and "perfection" means achieved perfection, become mature, fluent, "Perfect Man" used an electronic source [2].

The interpretation of the perfection is "the expression of the idea of a higher model" [3] is also noteworthy. According to the "Business Excellence Management System" produced by G.K. Kanji, "Business excellence is a management concept derived from the concept of general quality management (GQM) and represents the final stage of its evolutionary development" [4].

Fluvi Lasrado, in her book "Organizational Excellence: A Quality Management Program for Culturally Diverse Organizations", explains the phrase "Business Excellence" as follows: "Today, this popular term not only conveys the importance of product and process quality, but also helps to explain the importance of

“excellence” in all aspects of business. It leads to success in all types of organizations - public, private, service, education, medical, commercial and non-profit. The quality approaches used in selecting award-winning organizations are largely similar [5].

R.Mann, M.Muhammad, M.T.Agustin in their book “Understanding Business Excellence - Awareness Guide for SBPE” say “Business Excellence is the creation and consolidation of management systems and processes of an organization in order to increase productivity and create value for shareholders. It is not only a quality system, but it is also the most effective means of ensuring the sustainability of an organization. In fact, the Business Excellence Model (BEM) was originally known as the General Quality Management (GQM) model. [6].

L.Rocha-Lona, L.A.Garza-Reyes, V.Kumar co-authored the monograph says “Building Quality Management Systems: Choosing the Right Methods and Tools” in the monograph it was explained as “Business Excellence is the goal of an integrated approach that has become a holistic approach based on focused business criteria” [7].

### **Research method**

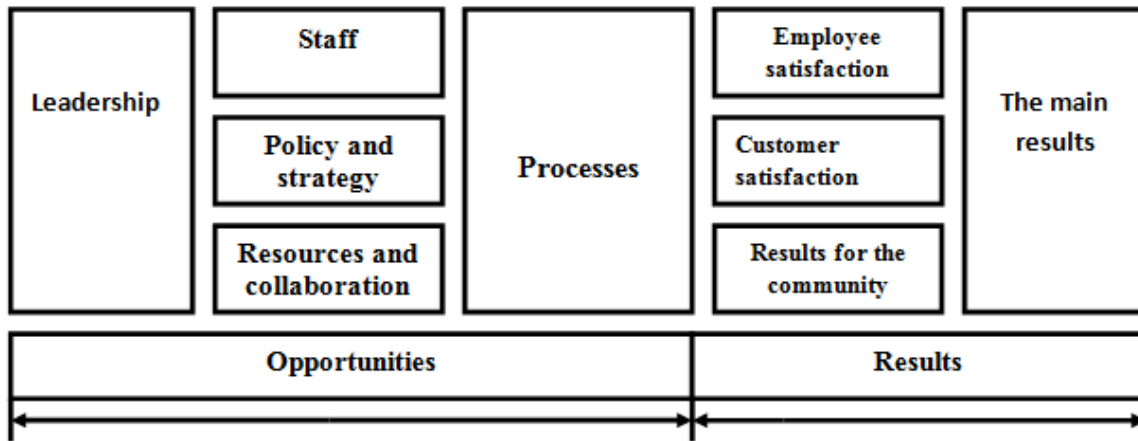
The study describes the essence of the concept of "business excellence" in the method of monographic analysis. Using the grouping method, human entrepreneurial ability is described by distinguishing three group qualities - personal, professional and functional qualities. Using the comparative analysis method, differences were identified between the Business Excellence model and the Business Excellence Assessment model. The input, process, and output components are identified in the business capability assessment model using the system analysis method.

### **Analysis and results**

By “perfect development of entrepreneurship” we mean the path of development by raising the status of business entities that have reached a high level of quality, a standard of development. If roadmaps are developed in the context of accelerated development rates and efficiency indicators compared to previous periods in the traditional development of entrepreneurship, the main task is to achieve the level of development rates and efficiency indicators of leading business entities, which occupy the highest positions in the business competitive environment.

The basis for achieving the level of excellence of business entities is the level of development of entrepreneurial ability of a able-bodied person engaged in business activities. A study of the existing approaches of scientists to the assessment of entrepreneurial ability shows that in the process of determining such a person's ability to focus on the assessment of more opportunities, the issues of evaluation of partial and final results are neglected. Such an approach does not fully allow the entrepreneurial ability to be used as a factor of production to realize the economic potential of the entrepreneur and to become a means of poverty reduction.

The European Quality Management Foundation's (EFQM) Business Excellence model is an effective tool for assessing both entrepreneurial opportunities (abilities) and outcomes (partial and final) in an interrelated manner (Figure 1).



**Figure 1. Business Excellence Model of the European Foundation for Quality Management (EFQM) [8]**

As can be seen from Figure 1, the EFQM “Business Excellence” model is a nine-criterion economic evaluation model in terms of organizational structure, which consists of two major structural criteria: 1) opportunities and 2) results, and 9 closely related criteria, each in turn divided into several sub-criteria. According to Dmitry Maslov, a member of the expert group of the European Quality Management Foundation for the revision of the EFQM-2006 model, Alexander Shestakov, a competition expert for the Government of the Russian Federation award for quality, and Derek Midherst, director of D&D Excellence Limited in the UK: “The philosophy of General quality management (GQM) as a European interpretation, the concept of EFQM is in turn a practical tool (model) designed to be used to improve quality” [9].

It should be noted that a specific feature of the EFQM Business Excellence model is the assessment of “business excellence” of business entities and organizations operating as legal entities. Between 1992 and 2017, more than 20,000 different European companies [10] used this model to evaluate enterprise quality management, self-assess the quality of their business activities, and develop quality improvement strategies by participating in various competitions.

Therefore, the economic model for assessing the “level of business excellence” of enterprises and organizations operating in the status of this legal entity is adapted to the assessment of entrepreneurial ability of individual entrepreneurs and self-employed persons operating as individuals we are trying to create our own authoring model, which is called The “Business Excellence in the Assessment of Entrepreneurial Ability” (BEAEA).

The proposed “Business Excellence in the Assessment of Entrepreneurial Ability” (BEAEA) model has the form of nine large and many small economic models provided for in the current “EFQM Business Excellence” model, and its internal structure, in contrast to the original model, has the following structural changes:

*The first change*, is that in the introductory part of the EFQM Business Excellence model, instead of the "Leadership" criterion No. 1, the BEAEA model introduces the quality indicator "Human Entrepreneurial Capacity", which is the object of assessment of individual entrepreneurs and self-employed individuals that serves as a basis for the development of the next 8 criteria of the model. Entrepreneurial ability, in our opinion, serves as a measure of business excellence. This ability of a person in microeconomics is manifested in the form of an individual (self-employed person, sole proprietor) and a legal entity (entrepreneurial enterprise, corporate manager, innovator and investor) and has its own characteristics. Entrepreneurial ability is manifested as a special economic resource, a factor of production management and marketing, as well as individual, firm and national human capital.

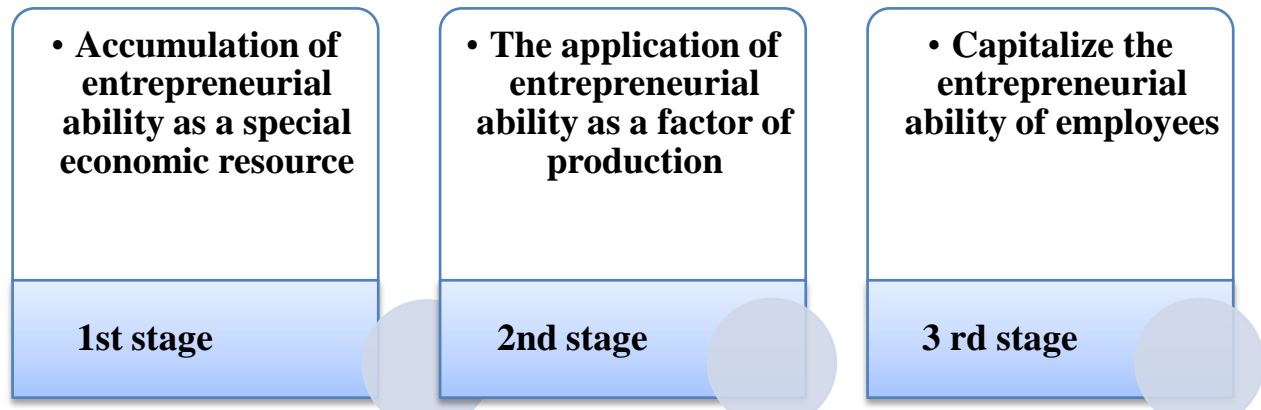
*The second change*, replaces the 2nd - "Employees", 3rd - "Policy and Strategy" and 4th - "Resources and Cooperation" criteria describing the capabilities of companies in the model "EFQM Business Excellence" which was decided to select and introduce three groups of qualities that represent the essence - personal (criterion 2), professional (criterion 3) and functional (criterion 4) entrepreneurial qualities. This is due to the fact that in order to succeed in individual entrepreneurship, a biological (consumer) person first develops into an economic (wage-earning) person, then develops entrepreneurial and business qualities, earns entrepreneurial income by organizing his business. who becomes) becomes a human being. We believe that the innate economic abilities of an entrepreneur, the qualities he derives from the chosen type of entrepreneurial activity, and the entrepreneurial qualities associated with running a private business play a decisive role in the formation and development of entrepreneurial ability.

*The third change*, the 5th "Criteria" abstractly expressed in the model "EFQM Business Excellence" - we consider it appropriate to express in our author's model as "the process of transforming entrepreneurial ability into human capital." This is because in the updated model, this criterion in terms of opportunities has a transformational character and plays the role of a bridge in the formation of individual human capital.

As a result of the monographic analysis, we have identified the "entrepreneurial concept" of human capital, in which an important component of this capital is "entrepreneurial ability". The "Entrepreneurship Concept of Human Capital" plays an important role in fulfilling the task of improving the mechanism of assessment of entrepreneurial ability. The methodological basis of this concept is the theory of human capital and the theory of entrepreneurship. The entrepreneurial concept of human capital is based on the development of entrepreneurship as a factor of production, based on the theory of human capital, on the one hand, as a source of income of human productive abilities, and on the other hand, based on the theory of entrepreneurship. As a result of the integration of these two theories, the entrepreneurial abilities of small businesses and private entrepreneurship entities are formed and, along with their physical and mental labor, they are able to increase the productivity of management labor and generate entrepreneurial income.

Entrepreneurial ability is gradually becoming human capital. We found that this process takes place in three stages (Figure 2).

As can be seen from Figure 2, at the initial stage, entrepreneurial ability is accumulated as a specific economic resource. This resource includes, first and foremost, the entrepreneurs themselves, as well as the entire business infrastructure and business ethics and culture. In general, entrepreneurial resource can be described as a special mechanism for realizing people's entrepreneurial ability based on the current model of market economy.

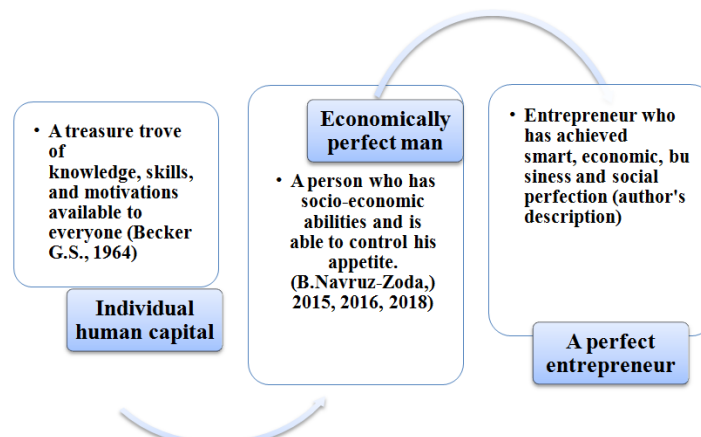


**Figure 2. Stages of transformation of entrepreneurial ability into human capital [11]**

The second stage involves the ability of entrepreneurship to act as a factor of production. That is, entrepreneurial ability in production is manifested in the types of economic activities, such as the organization of their work, employment in corporate governance as a manager, business organization and management.

In the third stage, the entrepreneurial ability of employees is capitalized, and this process is reflected in the increase in the beneficial effect of entrepreneurial ability due to increased business value, increased entrepreneurial activity.

The fourth change, instead of the 6th - "Employee Satisfaction", 7th - "Customer Satisfaction" and 8th - "Results for Society" criteria that describe the results of the "EFQM Business Excellence" model, we use the principle of "Business Excellence" of BEAEA that we included three economic status of a person - "Individual human capital" (criterion 6), "Economically perfect man" (criterion 7) and "Perfect entrepreneur" (criterion 8). This is because as entrepreneurial ability becomes human capital, it will continue to achieve its perfection. Qualitative changes in entrepreneurship lead to the level of individual entrepreneurial capital, the achievement of economic perfection as a result of the development of his working capacity, and the formation and development of entrepreneurial qualities to the level of a perfect entrepreneur (Figure 3).



**Figure 3. Stages of improvement of human productive abilities [Author's production]**



The fifth change, the 9th criterion of the “EFQM Business Excellence” model - “Key Results”, represents the synergistic result of the quality of entrepreneurial activity. Instead, we approved the inclusion of the evaluation criterion “Perfect Entrepreneurship Development” in the BEAEA model. Because in the new development strategy of Uzbekistan, poverty reduction through the development of entrepreneurship in our country is identified as an important economic task. As entrepreneurial activity matures, the number of new jobs will increase, and as a result, the income of the population will increase and the number of its poor will decrease.

The sixth change, in the “EFQM Business Excellence” model, assesses the level of entrepreneurial excellence of business entities on a 1000-point scale based on 9 major and 32 minor criteria. In this case, it is appointed as the criteria of opportunity - 500 points and the criteria of results - 500 points. In the BEAEA model, we recommend that individual entrepreneurs develop a “Business Excellence Assessment System” on a 100-point scale. In it, we use the Deming Cycle (PDCA) method, which has been tested abroad as an effective mechanism for assessing the quality of performance in diagnosing the entrepreneurial ability of business entities operating as individuals. PDCA is derived from the capital letters of four English words, meaning: Plan. Do. Check (or S – study). Act.

The deming cycle has a circular appearance (Figure 4) and is based on the principle of repetition in problem solving - to achieve gradual improvement and to repeat the period of improvement many times using the knowledge accumulated in the previous stage. In the diagnostic self-assessment Deming applies the methodology of continuous improvement of the cycle “Plan-Do-Check-Act” (PDCA).

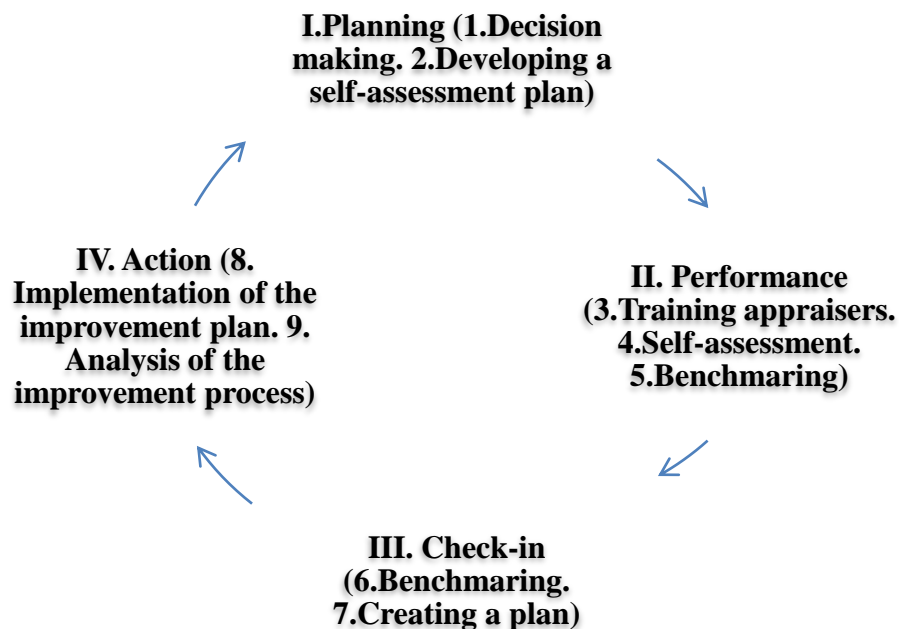
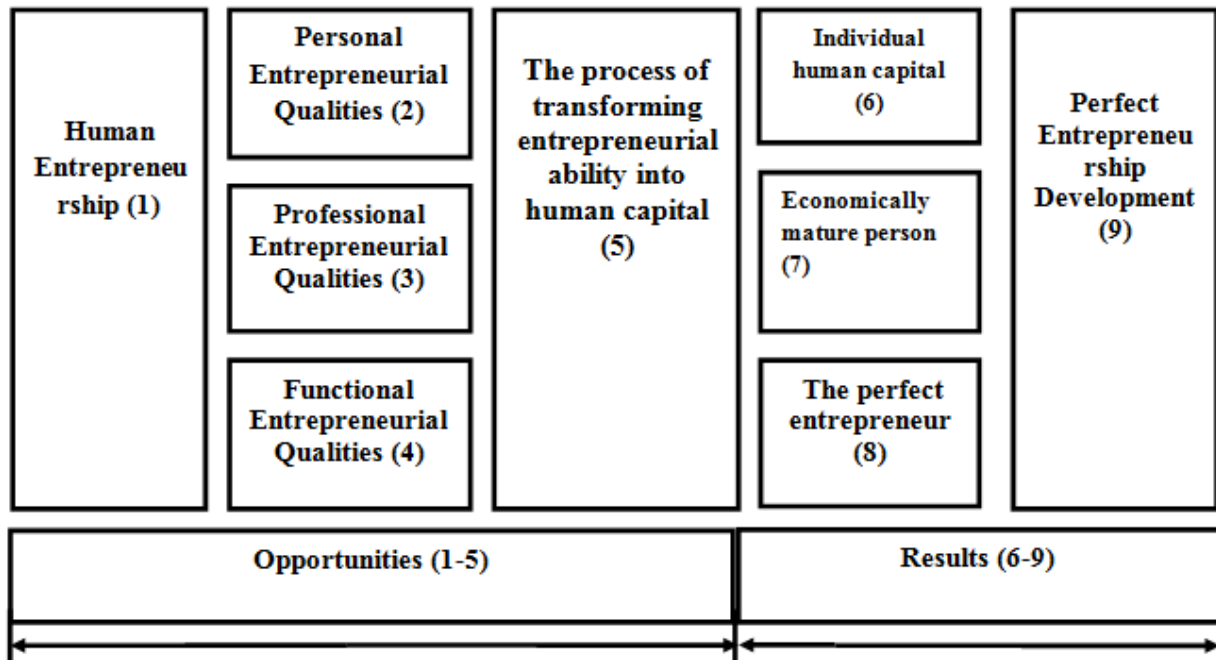


Figure 4. The PDCA method of assessing business excellence [9]

As a result of the above changes, the “EFQM Business Excellence” model, which has the ability to qualitatively assess the performance of business enterprises and organizations, has been transformed into the model of The “Business Excellence in the Assessment of Entrepreneurial Ability”. The structure of the authoritative model with an innovative image is shown in Figure 5.



**Figure 5. The Business Excellence in the Assessment of Entrepreneurial Ability (BEAEA) model [Author's production]**

**Conclusion**

Its new look, adapted to the criteria of the EFQM Business Excellence model, which has been successfully used in the business world for 30 years in the process of assessing the quality of business activity, self-assessment and improvement, and adapted to the assessment of entrepreneurial ability - The BEAEA model is a convenient opportunity and an effective mechanism for assessing the quality of activities of entrepreneurs operating as individuals in the New Uzbekistan. As a result of the practical application of the BEAEA model, the mechanism for assessing entrepreneurial ability will be improved through the qualitative determinant of "Business Excellence". “Business excellence” serves as a key quality indicator used to analyze and monitor the quality of business entities.

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