NOVATEUR PUBLICATIONS
JournalNX- A Multidisciplinary Peer Reviewed Journal
ISSN No: 2581 - 4230
VOLUME 7, ISSUE 6, June. -2021

THREE-DIMENSIONAL SYSTEM FOR ESTIMATING EFFICIENCY AND AGREEMENT OF ENTREPRENEURIAL ACTIVITY PRIORITIES

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ABSTRACT:

The article discusses the methodology for developing a strategy for improving the business entities performance in a transformation of the market environment, their factors, analyzed the main modern developing concepts a strategy for improving the entrepreneurial structures performance, in accordance with which, areas have been identified where the state can actively influence the healthy competition supporting process in the economy. Considerable attention is paid in the article to the issue of the business structures effectiveness.

Keywords: entrepreneurship, business, quality, efficiency, strategy, model, type of production, technology and management methods.

INTRODUCTION:

The "The action strategies in the five priority development areas of the Republic of Uzbekistan 2017-2021", approved by presidential decree №PD 4947 on 7 February 2017, pays particular attention to the development of strategies to improve the business structures performance in a transformed market environment. [1].

The problem of improving production efficiency is becoming increasingly evident with the objective processes of economic relations globalization, where the competitive environment is becoming international.

In the near future, business development based on greater innovation will be a top priority for the company's senior management and in-depth research in a dedicated unit created for this purpose, staffed by qualified scientists and specialists. [3].

Thus, in the face of intensifying competition in domestic and foreign markets, there is an objective need to manage the improving process of the business entity performance. In other words, efficiency becomes an object of management and its increase problem as an entrepreneurial activity criterion acquires particular relevance at the present stage.

MAIN PART:

As highlighted by Presidential Decree PD-5687 on 7 March 2019 "On the systematization of measures to improve the position of the Republic of Uzbekistan in international ratings and indexes", the following factors potentially hindering the entrepreneurial structures development are highlighted in the "Global entrepreneurship monitor" part, such as: lack of product or service novelty, lack of new technologies application, focus only on the country domestic market, etc. [3].

Consequently, conducting a performance assessment for business entities is an extremely important tool for identifying strengths and weaknesses. However, such an assessment must be comprehensive, as a large number of factors influence the result.

According to U. A. Burtsev, “from the society perspective as a whole, the entrepreneurial activity efficiency determines the jobs growth rate, output, innovation, etc. Successful and fast-growing business structures contribute to a country's economic

growth. This is why the issue of improving business efficiency is so urgent today and is being discussed at government level. Nevertheless, statistics show that effective entrepreneurial activity has not been achieved yet. One indicator to support this assertion can be the job growth rate" [4].

According to R.L. Vlasova, "The majority of entrepreneurs at various stages of the life cycle stated in 2018 that they do not plan to increase their jobs in the next 5 years, which means that their further development and expansion is questioned by them. Consequently, there is reason to doubt their effectiveness" [5].

As V.D. Galkin pointed out, 'there are currently many recommendations on how to improve performance, but there is no single approach to assessing the entrepreneurial structures effectiveness. Traditional approaches to assessing the enterprises efficiency, which are based on financial analysis methods alone, have long been recognized as inadequate. In 1992, Robert Kaplan and David Norton set out to address this approach limitation by proposing a new tool, the balanced scorecard (BSC or Balanced Scorecard), which allowed both financial and non-financial factors to be combined. The move to an integrated approach is driven by the nature of entrepreneurial activity, which is inherently multifaceted both in its internal structure and relationship with the external world"[6].

According to S.J. Dobrynina, "at this development stage (before scaling), one of the most essential factors is the elaboration of business model, and this factor weight should be significantly higher than in later stages. Of course, this is only one aspect. There are many such aspects to a company's operations at each life cycle stage.

Certanly, there are other concepts for evaluating effectiveness. For example, the EFQM model. The EFQM model was developed as a model for analyzing the performance of companies and looking for opportunities for improvement, with a bias towards the management system evaluation. The main advantage of the EFQM methodology is that output is considered an integral indicator, which includes both the company's capabilities and its performance assessment. However, it also has a number of disadvantages in its applicability to the business performance evaluation, which are similar to those listed for the BSC (balanced scorecard) model»[7].

Businesses with mass production have a lower degree of certainty, but because of their organization are capable of dealing with a greater number of organizational and technical issues. The existence of a coordination mechanism, coordinating the activities between units, increases the efficiency of such entrepreneurial structures. (table 1).

Table 1. The entrepreneurial structures management depending on the production type*

Characteristic	Type of production		
	Mass	Serial	Single
production speciality	Production of standard consumer products	Series production	Single production of complex products
Duration of technologies operation	Lengthy	Lengthy	Brief
Changes in technological change	Minor	A periodically changing production process	A constantly changing production process
Managing	A clearly defined hierarchical management pyramid with clearly defined roles for managers	An increasing number of technical and organizational issues	Perfect coordination mechanism of the organizational management structure, unclear definition of managers' roles
certainty degree	High	Average	Low

*Compiled by the author on the basis of [11].

Our analysis shows that cost-cutting in production costs results in lower productivity and profitability of the entrepreneurial structure; stock availability, the following are some of the most important factors in the production process, demonstrates the inefficient management of the production process.

In order to create a unified, highly effective production management system, it is necessary to highlight the errors in management methodologies.

Among the many problems of technology and management methods used in modern production practices, we highlight the following:

1) The complexity of management techniques, which requires knowledge and practical skills level, which lack leads to inefficient company management and a large number of costly mistakes;

2) The excessive amount of routine work performed by managers and staff in key positions;

3) Absence of uniformity in management technology across the company due to incompatible parameters and poor integration of units in the production process;

4) Absence of a unified conceptual apparatus for company managers;

5) The rapid change in production technology, its rapid obsolescence and necessity, therefore, of renewal, which implies an adequate investment policy developing task;

6) Management technology globalization, partial loss of uniqueness, acquisition of international quality control standards for production and accounting for finance.

In our opinion, a business entity can be efficient if its management system takes into consideration and ensures:

a) an optimal combination of centralized and decentralized initiative;

b) unity of purpose and action between entire enterprise and its individual parts;

c) a motivation system that creates incentives for all performers to improve the enterprise competitiveness;

d) the use of modern technological and technical management bases, allowing for real-time solution of enterprise competitiveness issues with minimal resources.

We propose a methodological approach to improving the business entities performance, which essence is to determine the level and calculating an integral measure of the entrepreneurial structure competitiveness at the first stage and selecting a strategy for improving efficiency according to the given criteria at the second stage.

An effective business entity management system is a set of economic, motivational and organizational ways of targeting all unit's interaction and influencing their activities, ensuring interests of each unit and enterprise as a whole are aligned.

A disadvantage of classic strategy evaluation methodologies (e.g. position and portfolio analysis matrices) is that the strategies chosen are detached from operational management, whereas the main task of management, in our view, is not only strategy development, but also strategy implementation. This requires linking the strategic goals of the company to operational goals of its divisions and key employees as well as ensuring that the motivation system (compensation) is linked to the company's performance. In response to these demands, the last decade has seen a dynamic development in strategic management in the separate area of strategy performance measurement (performance management systems), which includes a range of concepts from balanced scorecards and key performance indicators to personnel development and motivation systems. Balanced scorecards are the ultimate mechanism for adapting strategy,

which can significantly increase the likelihood of success. [12].

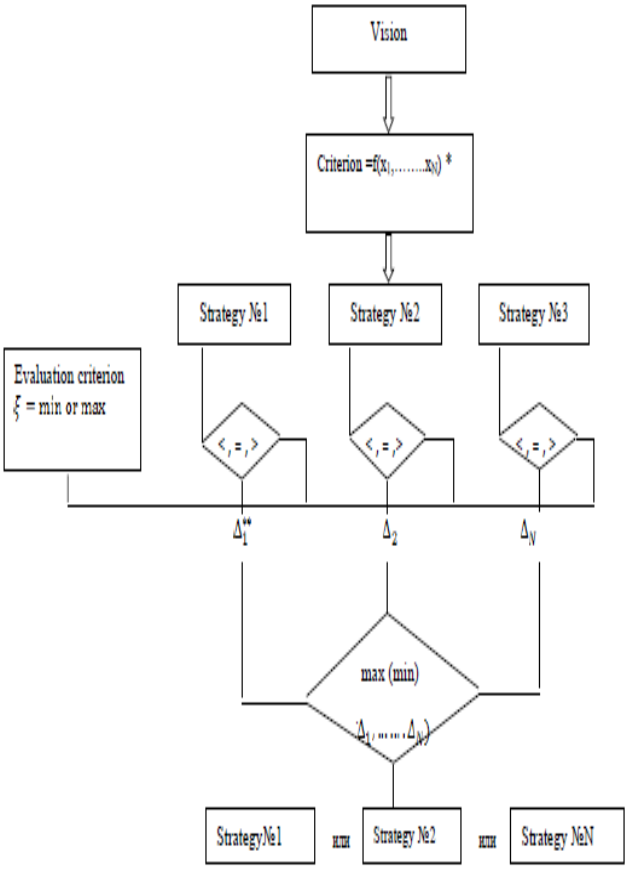
All possible alternatives for developing an entrepreneurial structure can be divided into three corresponding types [8]:

1. Gradual improvement alternatives, which are adjustments of varying degrees to existing strategies.
2. Renewal alternatives based on organization's current strategy and involving a significant change of direction: major changes in the scope, shape and purpose of the strategy.
3. Innovative alternatives that lead to radical changes in the organization's strategy because they are based on new approaches to competitiveness are often accompanied by new product and solution proposals.

Based on our research, we propose the following interpretation of the strategic space for business development: the type of strategy by which the latter differ from each other (e.g. by the nature and type of competition) and the focus of the strategy. The key vector for the entrepreneurial structure development, on the other hand, is to increase the business value.

The value vector, in turn, can be thought of as the result of adding up the growth and development vectors of competitive advantage), what progress (growth) the organization is about to make and what competitive advantage it plans to achieve.

The basic notion of an economic evaluation system is a criterion, which is a set of qualitative or quantitative comparison indicators against which the strategy is evaluated. The process of justifying a strategy using the economic evaluation criterion can be represented by the algorithm shown in figure 1.



Note: * - X_1,.....,X_2 – criterion variables;
** - Δ_1, … … . Δ_N - results of the alternatives evaluation using the selected criterion.
Designed by the author.

Fig.1. A proposed algorithm for the economic evaluation of an entrepreneur's development strategy

As L. Fay and R. Randall correctly point out, "each alternative is characterized by a set of programmed indicator values. In this regard, the evaluation criterion should be formed from a set of values of meaningful indicators and is intended to reflect both the preferences of decision-maker with respect to the possible alternatives and the management decision quality" [9].

CONCLUSION:

1. In assessing the entrepreneurship efficiency dynamics in the Republic of Uzbekistan, it can be noted that in the last 5 years there has been an in the activity of entrepreneurial structures in the economy real sector, the net financial result of large and medium-sized enterprises is growing, but the main resource for GDP growth remains the sale of raw materials. In order to ensure intensive development of the economy, the state should provide targeted support for new technologies, knowledge-intensive industries and investment in the region's growth points.

2.A comprehensive assessment of business performance must not lose its multi-criteria nature, so the use of common methods of averaging individual indicators (arithmetic mean simple and weighted mean, point estimate, etc.) to obtain an integral criterion is not quite in line with modern principles.

3. The proposed three-dimensional performance appraisal system and alignment of business priorities, sets as the main objective of the business entity - achieving the long-term (strategic) sustainability of the enterprise, represented by three groups of indicators: competitiveness, profitability and financial stability.

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