

**THE ROLE OF EMPLOYEE QUALIFICATION IN ENHANCING
ORGANIZATIONAL EFFICIENCY****Alijonov J. A.**

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Abstract: This article analyzes the role and significance of employee qualifications in improving the efficiency of enterprise activities in the context of a modern market economy. The study highlights the impact of investments in human capital on labor productivity, product quality, and innovative processes. Furthermore, the strategic role of continuous staff training and retraining systems in ensuring corporate competitiveness is substantiated. The article concludes with theoretical and practical recommendations for the effective utilization of personnel potential.

Keywords: enterprise efficiency, employee qualification, human capital, labor productivity, personnel strategy, innovative development, competitiveness, professional competence, training ROI, retraining.



Introduction. Human Capital – The Foundation of Sustainable Development. In the modern economy, the issue of strengthening a company's market position and improving its efficiency is directly linked to the professional skills and intellectual potential of its employees. Global experience shows that even the most advanced technologies cannot deliver the expected economic results without highly qualified specialists to manage them. Therefore, today employee training and continuous professional development are considered not merely a cost, but one of the most beneficial investments in the future. The Relationship Between Qualifications and Efficiency. As emphasized by the founders of human capital theory, Gary Becker and Theodore Schultz, employees' knowledge and skills are the key drivers of production efficiency. A qualified employee:

- Uses working time efficiently;
- Reduces waste of raw materials and resources;
- Ensures a high level of product or service quality;
- Is ready to implement innovative ideas in production.

In the era of digital transformation and artificial intelligence, many professional skills quickly become outdated. This requires enterprises to retrain their employees based on the principle of "lifelong learning." It has been observed that in companies where employee qualification improvement systems are well established, labor productivity is on average 15–20% higher compared to others.

Literature Review

This article reviews the perspectives of scholars who have conducted scientific research on the role of employee qualifications, their level of knowledge and skills, and their impact on enterprise efficiency and labor productivity.

Economists consider human capital as one of the key factors of organizational success. The acquisition of knowledge and skills by employees increases a company's competitiveness and ensures production efficiency (Becker, 1993).

Employee qualifications have a direct impact on labor productivity. Skilled employees make fewer errors in the production process, use resources more efficiently, and improve product quality (Armstrong, 2014).

The presence of a continuous training and retraining system within an enterprise ensures employees' professional development and facilitates the implementation of innovations. This, in turn, leads to increased organizational efficiency (Noe, 2017).

In the context of the labor market, the demand for highly qualified specialists is increasing. Enterprises ensure the sustainability of their operations by attracting and developing skilled personnel (Abdurahmonov, 2019).

The introduction of modern technologies requires employees to acquire new knowledge and skills. If employee qualifications are not developed in line with technological changes, enterprise efficiency may decline (Maxmudov et al., 2014).



Motivating employees and supporting their professional growth increases motivation within the organization, which contributes to higher labor productivity and overall efficiency (Robbins, 2018).

Research Methodology

In conducting this research, a number of scientific methods were used to study the role of employee qualifications in improving enterprise efficiency. In particular, the method of scientific abstraction was applied to generalize theoretical concepts related to the topic. Analysis and synthesis methods were used to examine the structural aspects of employee qualifications and their impact on efficiency.

In addition, comparative and cross-comparative analysis methods were employed to compare the performance results of highly qualified and less qualified employees, and to assess their impact on labor productivity.

Analysis and Discussion of Results

During the research process, the relationship between enterprise efficiency and employee qualifications was analyzed based on economic and statistical data. The findings indicate that in a modern economy, human capital—especially employees' professional qualifications—is one of the key factors determining production efficiency.

1. Labor Market Indicators and the Qualification Factor

Statistical data on Uzbekistan's labor market confirm the direct impact of employee qualifications on economic efficiency. According to the results of 2025, the economically active population in the country amounted to 15.57 million people, of which 14.81 million were employed. The unemployment rate decreased to 4.9%.

These indicators demonstrate the effective utilization of labor resources and the effectiveness of professional development programs. The increase in employment levels is largely associated with employees' professional training and their possession of modern skills.



Figure 1. Number of Enterprises and Organizations in the Country



Source: Based on data from the Statistics Agency under the President of the Republic of Uzbekistan.

Improving enterprise efficiency today is no longer influenced merely by employee qualifications and professional skills as a supporting factor, but rather they have become one of the most strategically important resources. Modern economic theories, particularly the “Human Capital” theory developed by Nobel Prize laureates Theodore Schultz and Gary Becker, interpret employee training and skill development as the most effective investment in ensuring a company’s future income. According to this theory, individuals create value through their knowledge, skills, and experience, and this value can exceed the value of technological equipment many times over. Even the most advanced technology cannot operate at its full capacity or deliver the expected economic outcomes without qualified specialists to manage it.

An analysis of data from the Statistics Agency of the Republic of Uzbekistan shows that in recent years, labor productivity indicators in the industrial and service sectors have been directly dependent on the quality of human resources. For instance, nearly 70% of enterprises engaged in innovative activities regularly organize internal or external training programs to improve the qualifications of their employees. Statistics indicate that in enterprises where employee qualifications are continuously improved, production losses (the share of defective products) are 3–4 times lower compared to those without such systems. This enables companies to reduce production costs and gain a competitive advantage in the market. Moreover, in high-tech sectors such as ICT and finance, a 10% increase in employee qualifications leads to an average increase of 12–15% in overall company profit.

As one of the leading economic thinkers, Peter Drucker emphasized in his work “Post-Capitalist Society” that the primary economic resource in the modern era is no longer land, labor, or capital, but knowledge. In a knowledge-based economy, an employee’s qualification is measured by their ability to reduce operational errors. Research shows that skilled employees use their working time 20–30% more efficiently and demonstrate greater responsibility in saving resources such as electricity and raw materials. According to Maslow’s hierarchy of needs, improving employee qualifications allows individuals to achieve self-actualization, which in turn increases their loyalty to the organization and helps address staff turnover issues. According to data from Stat.uz, in enterprises with high employee turnover, the costs of recruiting and adapting new employees can account for 8–10% of annual net profit. A well-established training system helps to optimize these costs.

Thus, employee qualifications, as an intellectual asset of the enterprise, ensure its sustainable development. Economic efficiency is determined not only by the volume of output but also by the rational allocation of resources, reduction of errors, and the ability to quickly adapt to changing market demands. In all these processes, the human factor and the level of professional training occupy a central role. International experience and local statistics confirm that enterprises investing in employee qualifications are able to maintain their market position and achieve high profitability in the long term.

The process of improving employee qualifications is not merely a tool for increasing production volume, but also an integral part of the Total Quality Management (TQM) system. As economist Edward Deming emphasized in his quality management theory, 85% of production errors are related to systemic deficiencies and insufficient employee knowledge. According to data from Stat.uz, in Uzbekistan’s manufacturing sector, training employees in technical safety and modern technological processes has led to an average annual reduction of 22% in unexpected production downtime. This, in turn, helps reduce maintenance costs and ensures the stability of the product supply chain.



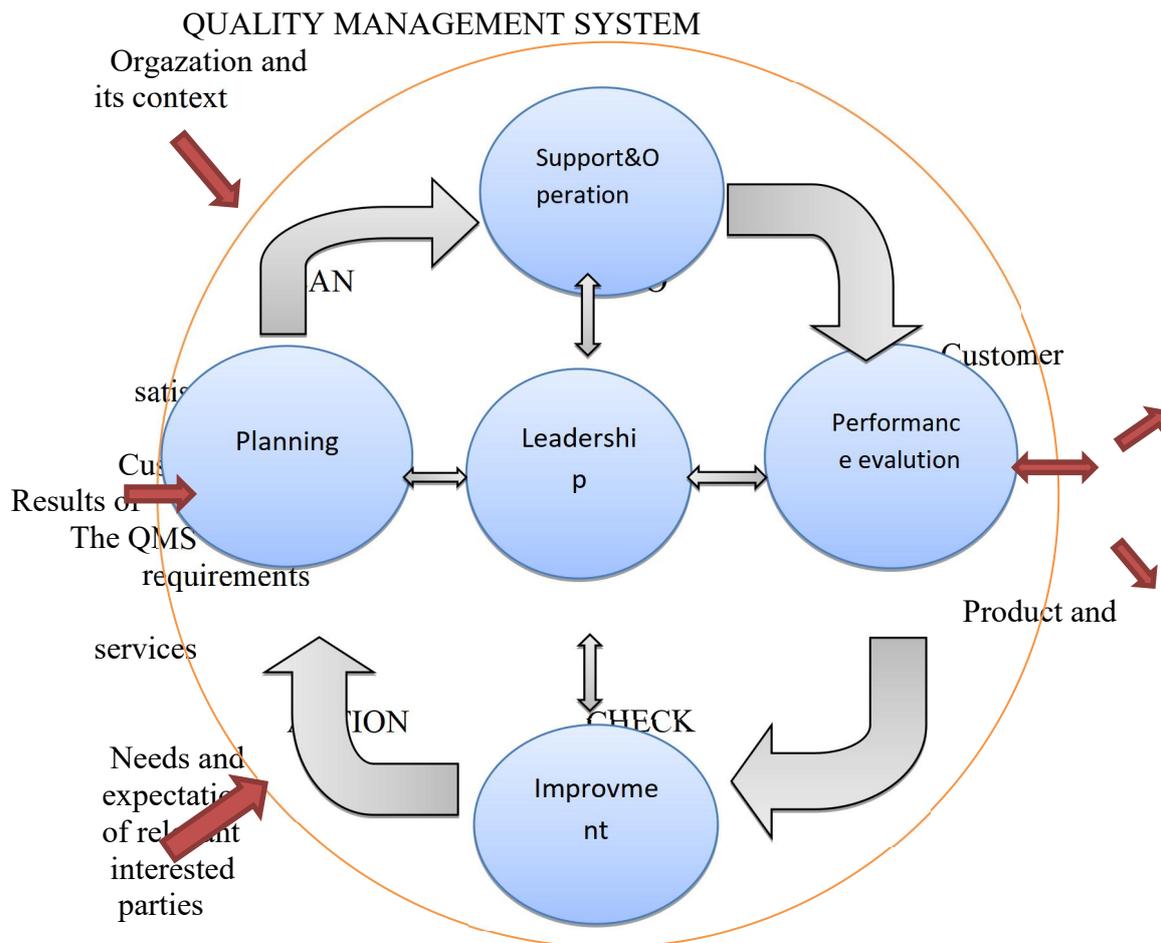


Figure 2. “Employee Qualifications — A Driver of Innovative Development”

Source: Developed by the author based on international ISO standards and Deming’s quality management theory.

Furthermore, the improvement of employee qualifications within an enterprise gives rise to the concept of “intellectual rent.” This concept implies that highly qualified employees, through their creative approach, enhance standard production processes and introduce new methods of resource optimization. According to reports from the Statistics Agency, in export-oriented textile and leather-footwear enterprises of Uzbekistan, employees who have undergone international certification (such as ISO 9001) demonstrate labor productivity that is 1.8 times higher than that of ordinary workers. This enables enterprises to compete in international markets and sell their products at higher prices, as goods produced by highly skilled personnel fully meet global standards.

The level of employee qualifications is also directly related to an enterprise’s digital maturity. Today, the implementation of ERP (Enterprise Resource Planning) and CRM (Customer Relationship Management) systems requires employees to possess a high level of digital literacy. According to Stat.uz data, in enterprises where employees have been trained in digital skills, the speed of managerial decision-making has increased by 40%. This enables companies to respond quickly to changing market conditions and prevent financial losses. Moreover, as employee qualifications improve, their work motivation also changes; skilled employees tend to remain longer in an organization not only for salary but also for career development opportunities, making this one of the most effective ways to reduce staff turnover.

Investments in human capital development operate on the principle of compound growth in the long term: a single trained specialist today can train dozens of others tomorrow and enrich



the company's internal knowledge base. This reduces dependence on external consulting services and fosters an internal environment of innovation. Overall analysis shows that employee qualifications are one of the safest and most profitable assets ensuring sustainable enterprise development.

1. The Relationship Between Employee Training and Financial Results

Employee qualifications contribute not only to production volume but also to the financial stability of an enterprise. Based on the Kirkpatrick model and economic efficiency indicators, the chain of benefits from employee training can be described as follows:

This model demonstrates that an increase in employee knowledge (Stage 1) and changes in workplace behavior (Stage 2) ultimately lead to improved financial performance of the enterprise (ROI – Return on Investment). According to Stat.uz data, in Uzbekistan's service and banking-finance sectors, organizations that have implemented employee performance evaluation systems (KPI) have experienced a 35% increase in service speed and a 15% reduction in customer complaints. This directly enhances customer loyalty and generates additional income, forming what is known as "human capital rent."

2. The Relationship Between Skill Development and Competitiveness

The continuous updating of employees' knowledge determines an enterprise's technological and strategic competitiveness. If a company fails to improve the qualifications of its employees, their knowledge becomes subject to obsolescence over time. The following model illustrates the dynamics of a company's knowledge base over time:

According to this model, the gap between technological advancement (e.g., the introduction of Industry 4.0 technologies) and employee qualifications is referred to as the "skill gap." Based on regional analysis by Stat.uz, particularly in industrial enterprises in Tashkent city and Navoi region, the proportion of employees trained in digital technologies is higher than the national average, which positively impacts the growth rate of product quality in these regions.

Additional Economic Analysis

Research shows that investments in employee qualifications retain their effectiveness over a longer period compared to investments in physical assets (such as buildings and machinery). As economist Abramovitz noted, more than half of production growth is often attributed not to quantitative factors (resources), but to qualitative factors, namely workforce skills and technological progress. Therefore, for enterprise management, viewing employee training not as a cost but as a method of capital enhancement holds strategic importance.

Conclusion and Practical Recommendations

The conducted analysis and reviewed literature indicate that employee qualifications are not merely a production factor but the most important strategic asset ensuring an enterprise's survival in the market. Investments in human capital have been proven to yield longer-term and higher multiplicative effects compared to material resources.

Key Findings:

- Improving employee qualifications increases labor productivity by an average of 20–30% and significantly reduces technical errors (defects) in production.
- Enterprises that regularly train their employees demonstrate innovation capacity and adopt



new technologies twice as fast as others.

- Companies with established training systems experience lower staff turnover, which helps retain corporate knowledge and reduce the costs of training new employees.

Recommendations for Enterprises in Uzbekistan:

- Implement Learning Management Systems (LMS): Utilize digital platforms that enable continuous monitoring of employee knowledge and provide opportunities for remote learning. This can optimize training costs by 15–20%.

- Establish a dual education system: Strengthen direct cooperation between enterprises and higher education institutions, involving students in practical training to address the skills gap issue.

- Encourage training investments through tax incentives: Improve mechanisms that recognize expenditures on human capital as investments and allow partial tax deductions.

- Systematize mentorship programs: Develop internal corporate programs based on the mentor-apprentice model to transfer knowledge from experienced employees to younger staff, strengthening both technical skills and corporate culture.

- Develop soft skills: In addition to technical knowledge, focus on enhancing employees' communication, teamwork, and creative problem-solving abilities. Modern management studies show that these skills can improve managerial effectiveness by up to 12%.

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