



REFINING APPROACHES FOR THE OPTIMAL USE OF HUMAN POTENTIAL IN SMALL BUSINESS ENTERPRISES

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Abstract

This article focuses on the importance of effectively utilizing human resources in company management, highlighting global practices and theoretical approaches to improving employee performance and development. In particular, it emphasizes the strategies developed by the Japanese management school, which have proven to significantly enhance the effectiveness of human resource utilization in companies. The article discusses how linking a company's strategic goals with the personal development of its employees is a key factor for success.

Keywords: Human resource utilization, company management, employee development, strategic goals, Japanese management school, professional training, skill development, technological advancements, economic effectiveness, social effectiveness, employee motivation, management practices

Introduction

In the context of the ever-increasing globalization of the world economy, the full utilization of human resources in any company's management, including their continuous development, is a critical requirement. This process is crucial for achieving the company's strategic goals and plays a significant role in improving the effectiveness of the management system. Approaches to improving the effectiveness of human resource utilization in company management developed by representatives of the Japanese management school, who have achieved highly positive results, should be noted. According to this approach, "the



Modern American Journal of Business, Economics, and Entrepreneurship

ISSN (E): 3067-7203

Volume 01, Issue 07, October, 2025

Website: usajournals.org

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effectiveness of utilizing human resources in any company management can be improved by ensuring the correlation between the company's strategic development objectives and the personal development of its hired employees." Based on this approach, Japanese companies, which are currently leading the world in human resource utilization effectiveness, have succeeded in making significant progress.

Improving the effectiveness of human resource utilization in company management reduces risky situations arising from the involvement of employees in the production process. This increases the necessity of creating management practices that allow full utilization of human resources and their continuous development.

According to global practices, large companies in Western countries allocate about 2-5% of their budget for employee training, professional development, retraining, and personal development programs (such as sports, treatment, leisure, tourism, etc.). For example, in U.S. companies, they spend an average of \$10,000 to \$15,000 annually per employee to train middle-tier employees, such as those with secondary education, which is seen as a long-term investment by the company's managers. It is believed that this investment will increase the potential for higher profits in the future due to the increased effectiveness of utilizing human resources in the company.

According to research conducted by international experts, it takes an average of 10-12 years to prepare middle-tier employees for the needs of companies. When these employees are hired by companies, the modern professional knowledge, skills, and competencies they possess can be utilized effectively for 5-6 years in the production process. However, within 10 years, these skills and competencies will become outdated, necessitating the need to increase employees' professional qualifications. In particular, the rapid technological development today causes an average of 20% of the knowledge, skills, and competencies acquired by any hired employee to become outdated annually. These circumstances highlight the necessity of developing practices for utilizing human resources in company management.

The development of practices for utilizing human resources in the management process leads to increased social and economic effectiveness of the company's



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economic activities. Indicators such as the profitability of product manufacturing, gross output, improvement in the quality of produced goods and services, and reduced production costs are considered economic effectiveness indicators of human resource utilization in management. Meanwhile, the created labor conditions, wages, job satisfaction, and the increasing ability of employees to work as a team are considered social effectiveness indicators of human resource utilization.

Global practices show that managers and employees directly involved in the production process in developed countries typically dedicate 4-6 hours per week to improving their professional qualifications, including learning new professional knowledge, skills, and competencies. Moreover, research findings indicate that using modern information and communication technologies in training programs such as professional skills development, retraining, and retraining can reduce the time required for implementing such programs by 30-50% and increase the data coverage by up to 80%.

Bill Gates, in his management practices at Microsoft, states, "Today, information and communication technologies, especially distance learning, are the most effective form of education for an advancing society. In particular, learning foreign languages through the internet (via video lectures, test questions, and synchronous automatic translation systems) is both economically and time-efficient."

The effectiveness of utilizing human resources is directly linked to the management practices of the company, which require the introduction of modern management practices. Based on the analysis, it was concluded that in the majority of companies in Uzbekistan, management practices are centralized, based on the "leader-employee" principle. The conclusions drawn indicate that the management practices of local companies have the schematic structure shown in **Figure 1**.

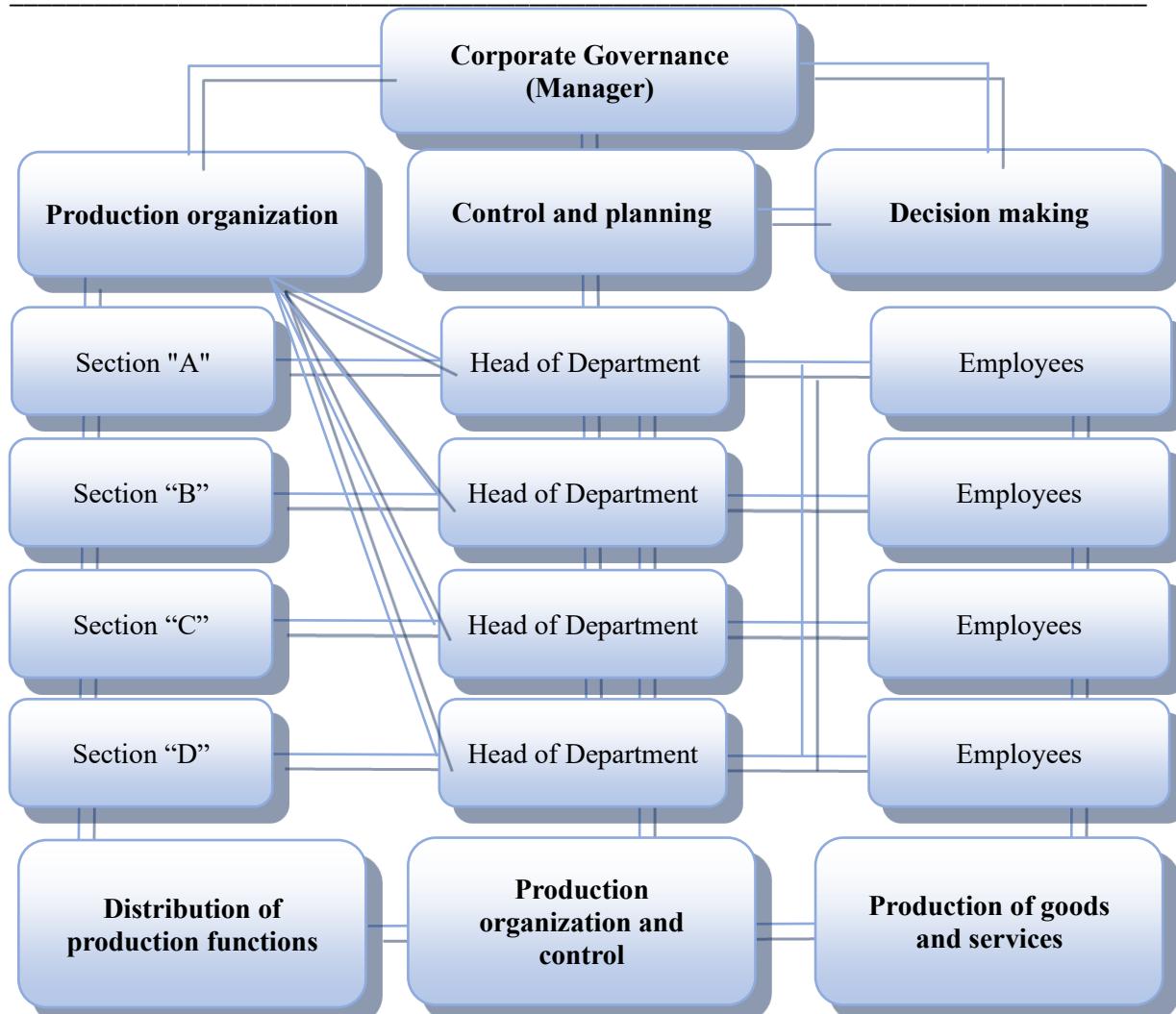


Figure 3.1. Human Resource Utilization in Company Management¹

According to the analysis, in the companies studied, the effectiveness of human resource utilization in the management process is evaluated based on how employees complete tasks assigned by leaders in a timely manner. Additionally, decisions in company management, organizing production processes, controlling, and planning are made by leaders. When hiring employees, their functional tasks in the production process are taken into account, and the effectiveness of their performance is assessed based on their ability to carry out

¹ Compiled by the author



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Volume 01, Issue 07, October, 2025

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these tasks. In this type of management practice, the opportunity to fully utilize human resources is limited, and the possibility of improving practices for utilizing human resources is correspondingly reduced.

Identifying and meeting staffing needs

Recruitment and hiring

Development and development of personnel requirements for positions

Human resource development

Encouragement

Figure 2. Priority Directions for the Development of Human Resource Utilization in Company Management²

Based on the results obtained, the priority directions for improving the effectiveness of human resource utilization in company management are as follows:

- Identifying the need for hiring employees — recruiting employees who align with the strategic development goals of the company and developing professional competency requirements.
- Attracting highly qualified employees — selecting employees based on professional qualification standards and evaluating their teamwork and psycho-physiological potential.

² Muallif tomonidan tuzilgan



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- Developing professional knowledge and skills standards — developing and continuously improving these standards for positions and aligning them with the company's development goals.
- Training and improving skills — enhancing professional skills through educational and retraining programs and providing high-level training to employees.
- Developing an employee motivation mechanism — implementing material incentives for employees, fostering the full utilization of personal and professional potential.

Conclusion:

In conclusion, the effective utilization of human resources in company management plays a pivotal role in the achievement of strategic goals and overall organizational success. By aligning the personal development of employees with the company's objectives, businesses can significantly improve their management effectiveness, thereby enhancing both economic and social outcomes. The practices developed by the Japanese management school offer valuable insights, demonstrating how employee training and development are central to achieving long-term success.

Global practices indicate that investing in continuous employee training and development, as well as utilizing modern technologies in learning processes, can significantly improve productivity and reduce skill obsolescence. The examples from Western companies, where significant portions of budgets are dedicated to employee development, reinforce the importance of such investments for future growth.

In the context of Uzbekistan, however, management practices still often rely on centralized models that limit the full potential of human resources. There is an urgent need to shift towards more modern and flexible management approaches that foster employee development, improve skill sets, and align them with the company's goals.



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***Modern American Journal of Business,
Economics, and Entrepreneurship***

ISSN (E): 3067-7203

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