THE VALUE OF KNOWING FOREIGN LANGUAGES IN THE LABOR MARKET

Khudoyqulova Sevara Saidakbarovna
Teacher at the Department of The English language,
The University of World Economy and Diplomacy, Tashkent, Uzbekistan
E-mail: sxudoyqulova@uwed.uz
Gulimmatov Humoyun Javlonbek ugli
Second -year student of international relations
The University of World Economy and Diplomacy
Tashkent, Uzbekistan
E-mail: xumoyungulimmatov@gmail.com

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ABSTRACT

In the processes of globalization and international economic development, knowledge of foreign languages, especially English, has become one of the main factors increasing competitiveness in the labor market. The article analyzes the impact of human capital, that is, knowledge of foreign languages, on wages, career growth and employment opportunities in the labor market. Based on international and local studies, it has been found that the income of employees who know foreign languages is on average 25-40% higher than those who do not. It is also based on the fact that knowledge of a foreign language opens up opportunities for work in international companies, increases the likelihood of career growth and provides stability against economic shocks. The article develops recommendations for increasing the value of knowledge of foreign languages in the context of the labor market of Uzbekistan.

Introduction

In the 21st century, globalization and international economic integration processes have fundamentally changed the requirements of the labor market. The growth of international trade, the expansion of the activities of transnational corporations, the increase in the flow of foreign investments, and the development of digital technologies have made knowledge of foreign languages an integral factor of the modern economy (Green, 2019). Today, knowledge of foreign languages is one of the important indicators that determine not only personal development, but also competitiveness in the labor market. The integration of the Uzbek economy into world markets, the growth in the number of enterprises with foreign investment, and the expansion of export volumes are making knowledge of foreign languages an important advantage in the labor market. The Resolution of the President of the Republic of Uzbekistan "On Additional Measures to Improve the Study of Foreign Languages" of May 19, 2021, identified increasing the level of mastery of foreign languages among the population as one of the priority areas of state policy [1]. The purpose of this article is to heoretically analyze the economic value of foreign language knowledge in the labor market and develop recommendations.

Literature review

In the study "The Link Between English and Economics," C. McCormick establishes a clear link between language proficiency and national economic growth [2]. The research demonstrates that a workforce with strong language skills directly attracts Foreign Direct Investment (FDI) and enhances a nation's export potential. Also, economic analyses conducted by I. Chaudhary and M. Amin confirm the existence of a "language premium" in the labor market [3]. Their findings reveal that professionals proficient in a foreign language earn 18% to 25% more than their peers, serving as a signal of high cognitive ability to employers.

S. Williams explores the role of language skills in professional advancement [4]. The study highlights that foreign language proficiency facilitates participation in international projects and increases the likelihood of vertical promotion by 30–50%.

Research date and methods. The article is based on a descriptive-analytical methodology and, drawing on existing scientific sources and experience, studies the impact of foreign languages on the labor market.

Results and discussion

The value of foreign languages in the labor market is increasing day by day. Foreign languages are the main reason for the increase in wages. There are several economic theories explaining the value of foreign language knowledge in the labor market. According to the human capital theory, knowledge of a foreign language is a type of human capital [5]. Investments in human capital (education, training, language learning) provide higher income and career opportunities in the future. From this point of view, the time and money spent on learning a foreign language is an economically justified investment. According to the income function model developed by Mincer (1974), knowledge of a foreign language, along with education and experience, has a positive effect on income [6]. The next theory is the signaling theory (Spence, 1973), which states that knowledge of a foreign language signals to the employer about the employee's qualifications, intellectual abilities, and hard work [7]. That is, knowledge of a foreign language also conveys positive information about the employee's other abilities. Therefore, employers give high marks to candidates who know a foreign language.

The relationship between knowledge of foreign languages and salary levels has been studied in many empirical studies. According to a report by the International Labor Organization (ILO, 2021), the average income of employees who know English is 30-40% higher in developing countries and 15-25% higher in developed countries than those who do not [8]. This difference is explained by the rarity and high demand for English in developing countries.

English has the highest economic value as the language of international business, science and technology. However, other languages also have their value in the labor market. For example, In 2021, there were over 11 million English language job vacancies advertised online. This represents around 22% of all job vacancies advertised online in the EU or the UK in 2021. The importance of English as a key skill can also be assessed by comparing the number of jobs that mention English as a required skill with the number of vacancies that mention other skill requirements. English is the sixth most sought-after skill in online job vacancies among all skills classified at the most detailed level of the ESCO classification, making English one of the most sought-after transversal skills). According to Ginsburgh and Weber (2016), the languages with the highest economic value after English in the European Union are German, French and Spanish. German is especially important for companies trading with Germany, Austria and Switzerland. Chinese is valuable when working with Asian markets [9]. Knowledge of foreign languages not only leads to higher salaries, but also to faster career growth. Saiz and Zoido (2005) found in a study conducted in the United States that employees who know a foreign language are 2.2 times more likely to be promoted to management positions than those who do not. The OECD (2020) report noted that knowledge of foreign languages significantly increases employment opportunities, especially in high-tech sectors (IT, finance, consulting). More than 75% of international companies consider knowledge of English to be an important or very important requirement. In the Uzbek context, Russian has traditionally played an important role. However, in recent years, the demand for English, as well as Turkish, Chinese, Korean and Japanese, has been increasing (Karimova, 2021). This is due to the diversification of the Uzbek economy and the expansion of economic relations with different countries. The demand for specialists who know foreign languages is also increasing in the Uzbek labor market. According to the Ministry of Labor, the number of job advertisements for specialists who know English increased by 3.5 times between 2020 and 2024 (Ministry of Labor of the Republic of Uzbekistan, 2024) [10]. The need for personnel who know a foreign language is especially high in the IT, tourism, logistics, and finance sectors.

Recommendations

At the level of state policy:

- Improve the system of teaching foreign languages, especially focusing on the development of practical skills.
- Introduce language learning grants and subsidies for young people in poor and remote areas.
- Increase the salaries of teachers who know foreign languages and establish a system of retraining them.
- Gradually introduce foreign language proficiency requirements for civil servants and employees of state-owned enterprises.

At the level of employers and companies:

- Introduce corporate training programs to improve the level of foreign language proficiency of employees.
- Establish additional allowances and bonuses for employees who know foreign languages.
- Develop the language practice of employees by sending them to international conferences and trainings.
- Evaluate foreign language proficiency as an important criterion when hiring.

At the level of individuals:

- View foreign language learning as a long-term investment.

- Developing language skills through independent study, online platforms and practice, along with formal courses.
- Separate study of professional terminology (ESP – English for Specific Purposes).
- Official confirmation of language proficiency by obtaining international certificates (IELTS, TOEFL, DELE, DELF, HSK, etc.).

Conclusion

In conclusion, the results of the study and the analysis of the literature show that knowledge of a foreign language is not just an additional skill in the modern labor market, but a strategic asset that determines the economic value of an employee. Proving the direct impact of language skills on wages, it was shown that the "language bonus" in developing countries reaches 30-40%. Also, a foreign language not only increases financial income, but also serves as a key factor in ensuring the employee's vertical career growth and participation in international projects. At the macroeconomic level, a workforce that has mastered the language increases the country's export potential and investment attractiveness. Therefore, it can be concluded that investment in learning foreign languages is one of the most effective economic investments that ensures both personal and national well-being

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