

## OUTSOURCING IN THE HOSPITALITY INDUSTRY OF UZBEKISTAN: CURRENT STATE AND PROSPECTS

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### Abstract

This article looks at what outsourcing is, how it works, and why it matters for hotels and tourism companies. We also look at how outsourcing is developing in Uzbekistan right now. The paper is based on existing research and official data. We find that outsourcing has real benefits for the hospitality sector but there are also problems that need to be solved before it can grow properly in our country.

**Keywords:** Outsourcing, outstaffing, freelancing, hospitality, tourism, Uzbekistan, BPO.

### Introduction

In today's world businesses face a lot of competition. One of the main questions every company asks itself is whether it should do everything by itself or give some work to other companies. This idea of giving your work to outside specialists is called outsourcing. The word comes from English: "out" means outside and "source" means resource. So outsourcing basically means using outside resources.

Outsourcing is not a new idea. Henry Ford said something like this around 80 years ago - that if you cannot do something better than your competitors, you should not bother doing it at all and let someone else handle it. But the actual term "outsourcing" became popular only around 1989, when companies started formally transferring not just tasks but full operational responsibilities to other firms [1].

Tourism is one of the biggest sectors in the world economy. In some countries it gives more than 20% of GDP. The global hospitality market grew to around 4.7 trillion US dollars in 2023 [2]. So it makes sense to study how outsourcing works in this big and important sector, especially in Uzbekistan where tourism is growing. The purpose of this article is to explain what outsourcing is, look at how it is used in hospitality, and examine the situation in Uzbekistan including existing problems and possible solutions.

### 2. Outsourcing, Outstaffing and Freelancing - What is the Difference

Outsourcing means when a company gives some of its functions or tasks to another company or person, usually because that other company can do it better or cheaper, or because the first company simply does not have the people or resources to do it. The company that gets the work is called the outsourcer, and they take responsibility for the result. As management consultant Peter Drucker once put it: "Do what you do best, and outsource the rest" [3].



There are different types of outsourcing. By location there is onshore outsourcing (within your own country), nearshore (in nearby countries), and offshore (in far away countries). Offshore is the most popular type today. A well-known example is Apple, which gives its production to companies in China and more recently India. By function, the main types are: IT outsourcing, business process outsourcing (BPO), professional services outsourcing such as accounting or legal work, manufacturing outsourcing, and HR or personnel outsourcing. For tourism companies specifically, outsourcing can also be classified by what is being transferred - accounting functions, IT, back-office operations - and by how much - full, partial, or selective outsourcing [4].

People often mix up outsourcing with outstaffing and freelancing. Outstaffing means a special agency provides you with workers who are officially employed by that agency, but they work under your direction every day. You control what they do. The agency handles their salary, taxes and paperwork. Freelancing is different again - here an individual person works directly for you without belonging to any agency, is self-employed, and usually works only on one specific project for a short time. The main practical difference: in outsourcing the provider company is responsible for the final result; in outstaffing you get workers to manage yourself; in freelancing you deal directly with one person for one task [5].

### 3. How Outsourcing Works in Tourism and Hospitality

Like in other businesses, tourism and hospitality companies use outsourcing to make their work more efficient while keeping costs down. It is especially useful for small and medium businesses and startups which do not yet have enough money to keep a large permanent staff. Not all functions of a hotel or tourism company should be outsourced. Usually companies outsource things that are not their main activity. In the hospitality sector the most commonly outsourced services are: cleaning and housekeeping, catering and food services for events, IT services like website management and booking systems, digital marketing and social media management, customer call-centres, and technical maintenance and repair [2].

Before outsourcing, companies usually go through three steps. First is preparation - deciding what to outsource, what results are expected, and how much budget is available. Second is choosing the outsourcer - this is the most important step, where you study the market, compare companies, and check what previous clients say about them. For hospitality specifically, it is important to check reviews on platforms like Tripadvisor and Booking.com since the outsourcer's work directly affects what guests think of your hotel or agency. Third is organising the work - signing a detailed contract about conditions, deadlines, costs and responsibilities [6]. The main advantages of outsourcing in hospitality are: cost reduction because you do not pay salary, vacation, sick leave or training for outsourced workers; easier scaling of the business during peak and low seasons; access to specialist experts; and simpler control since you focus on the result rather than daily management. According to a Deloitte survey, 91% of hospitality company directors see scalability as a major advantage. The Global Business Travel Association reports that companies outsourcing non-core functions can achieve up to 20% productivity gains [7].



But there are real problems too. The main one is losing full control over how the work is done. Gartner analysis shows 45% of companies have difficulties maintaining control over outsourced processes. Quality is another issue - a contract does not guarantee the outsourcer will be as careful as you would be yourself. And communication is harder, especially with offshore partners in different time zones and with different languages. Research shows 60% of communication problems in outsourcing come from cultural and language differences [7]. In hospitality this is especially serious because if the outsourcer does poor work, the guest blames your hotel, not the outsourcer. Studies show 65% of customers will go to a competitor after a bad service experience [7].

#### 4. The Situation in Uzbekistan

Uzbekistan's economic policy today is focused on developing the private sector, supporting entrepreneurs, and creating good conditions for small and medium businesses. As the private sector grows, the demand for outsourcing, outstaffing and freelancing naturally grows with it. The legal basis for outsourcing in Uzbekistan includes Presidential Decree No. UP-4725 of May 15, 2015 on protection of private property and small business, and Cabinet of Ministers Resolution No. 16 of January 10, 2020 on outsourcing services within the Ministry of Health. Article 7 of the Accounting Law (No. 279-I of 1996) also allows companies to delegate their bookkeeping to specialist firms. The government has created special economic zones with tax benefits for BPO companies and is actively promoting IT-outsourcing development [8].

The IT outsourcing sector in particular has been growing very fast. Revenues from IT outsourcing exports went from 16 million USD in 2020 to 344 million USD in 2023, and reached an estimated 550 million USD in 2024. The national Digital Uzbekistan 2030 strategy sets a target of exporting 5 billion USD worth of IT services by 2030 [9].

In 2016 remote self-employment was not developed in Uzbekistan at all. Today there are approximately 45,000 online freelancers in the country. Over 7 years, 187 BPO centres were created and 500 young people found employment in them. In October 2022 the ICT Week Uzbekistan event in Samarkand held a BPO summit. In March 2024 the Offshore Outsourcing Tour brought more than 150 foreign company representatives to Uzbekistan for the first time to explore business cooperation with local partners [9].

Today the IT Park has 220 resident BPO companies: 55% provide dispatch services, 22.7% operate call-centres, and 12.3% do accounting outsourcing. Statista projects that BPO market revenue in Uzbekistan will grow from 0.57 billion USD in 2024 to 0.99 billion USD by 2029, with annual growth of 11.67% [10].

In the hospitality sector specifically, large international hotel chains in Tashkent - including Hyatt Regency, Hilton, Wyndham, Radisson Blu, Lotte City, and Ramada - actively use outsourcing for digital marketing and SMM. Catering companies like Suzane Catering and Royal Catering provide services to hotels and other hospitality businesses. Tour agencies also outsource functions like accounting, IT, and recruitment. For finding staff, the HeadHunter platform is the most commonly used tool for outsourcing, outstaffing and freelance vacancies in Uzbekistan. Some domestic outsourcing companies serving the market include ANCOR



(since 2018, offering recruitment and HR outsourcing), Daro Exclusive (BPO, accounting, marketing), and Mazars Uzbekistan (accounting and reporting) [11].

### 5. Problems and Suggestions

Even though things are developing, there are several problems that stop outsourcing from growing more in Uzbekistan's hospitality sector. The table below shows the main ones and possible solutions.

**Table 1. Main problems of outsourcing in Uzbekistan's hospitality sector and suggested solutions**

#### Problem; Suggested Solution

1. Shortage of qualified workers with hospitality and outsourcing knowledge: Add tourism and outsourcing modules to university programmes; create qualification courses
2. Incomplete legal framework - no single outsourcing law: Develop a proper law regulating all outsourcing relationships including cross-border ones
3. Language and cultural barriers in communicating with foreign partners: Train staff in foreign languages; teach cross-cultural communication
4. Not enough digital infrastructure especially outside Tashkent: Improve internet access and infrastructure; expand IT Park benefits to regions
5. Local hospitality businesses see outsourcers as competitors: Support both sectors and promote understanding that outsourcing is cooperation, not competition

Source: compiled by the author based on Uzbekistan Outsourcing Forum, ICTWEEK 2023 discussions.

It is also very important to mention that for IT outsourcing specifically, there are additional issues: developers often work from cafes because there is no good internet at home, the IT market is not well developed internally, entrepreneurs do not trust IT outsourcers enough, and there are not enough specialists. Solutions like creating IT infrastructure and hubs where developers can work together, legalising freelancer payments, and supporting developer training courses would help a lot [12].

### 6. Conclusion

Outsourcing is a useful tool for businesses in the hospitality sector. It helps reduce costs, gives access to good specialists, and let's companies focus on their main work. In Uzbekistan the outsourcing market is still relatively new but it is developing fast, especially in IT and BPO services.

For hospitality and tourism companies in Uzbekistan, outsourcing in areas like digital marketing, IT, accounting and catering is already happening. The government is working in the right direction with the Digital Uzbekistan 2030 strategy and the IT Park BPO programme. But there is still a lot to do - in legislation, education, infrastructure, and awareness.

The main conclusion is simple: outsourcing has good potential for Uzbekistan's hospitality industry. If the existing problems are addressed systematically, companies in this sector can work more efficiently and competitively. The international experience of companies like



Expedia, Marriott and TripAdvisor - which use offshore outsourcing for customer support, bookings and data management with good results - shows what is possible. Uzbekistan can and should learn from this experience.

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