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Outsourcing in the automotive industry of the Kyrgyz Republic: Development prospects

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Abstract. The study was conducted to assess the prospects for the development of outsourcing in the automotive industry of the Kyrgyz Republic and its impact on productivity, economic efficiency, and innovation in the industry. The study used statistical analysis methods to process data on production and employment from official sources, a comparative analysis of successful examples of international cooperation, and methods for assessing risks associated with outsourcing. As a result of the study, it was established that outsourcing in the automotive industry of the Kyrgyz Republic helps to reduce operating costs and increase production efficiency. It was also determined that the transfer of non-core functions to external contractors allows companies to focus on key processes, which accelerates the introduction of innovations. It was also confirmed that outsourcing helps to attract international companies, stimulating economic growth, and creating new jobs. However, the risk of loss of control over the quality and timing of tasks, which requires the development of effective mechanisms for interaction with contractors to minimise possible negative consequences, is identified. The study showed that the successful implementation of outsourcing requires the active participation of government agencies to create a supportive regulatory framework and incentives to attract investment. The results demonstrated that outsourcing contributes to the development of related industries such as auto parts manufacturing and IT services, which in turn stimulates the growth of the local labour market. In the long term, the use of outsourcing can become a key factor in increasing the competitiveness of the country's automotive industry in the international arena. The study provided valuable data on the impact of outsourcing on the efficiency and innovative development

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of the automotive industry, which can serve as a basis for developing strategies to optimise production processes and improve economic performance in this industry

Keywords: operating costs; production efficiency; international companies; economic growth; competitiveness

Introduction

Outsourcing in the automotive industry of the Kyrgyz Republic is a vital factor that contributes to the modernisation and optimisation of production processes at the national level. In the context of globalisation and rapid technological progress, enterprises in the country face the need to improve their operational efficiency and reduce costs. Outsourcing provides an opportunity to focus on core competencies, transferring non-core functions to specialised external contractors, which allows optimising resources and accelerating innovation. Conducting a study on the prospects for the development of outsourcing in the automotive industry is becoming extremely relevant, as it provides an opportunity to assess how this approach can contribute to improving production processes, stimulating economic growth and creating new jobs in the Kyrgyz Republic. An analysis of the impact of outsourcing on the industry demonstrates both positive and potential risks, such as loss of quality control and the need to develop effective management strategies. This knowledge is critical for the development and implementation of strategies aimed at the successful use of outsourcing, which in turn can lead to substantial improvements in production activities and economic development of the region.

The gaps in existing research are several key aspects. Insufficient elaboration of effective mechanisms of interaction with contractors means that optimal methods of managing relations between enterprises and external contractors have not been fully examined and described. This includes issues of harmonisation of requirements, quality control, and ensuring timely fulfilment of obligations. There is a lack of data on the long-term effects of outsourcing on production processes and economic development, especially in the context of specific regional features. Existing research often focuses on short-term results and general trends, without considering the unique conditions and needs of specific regions. This limits the ability to assess the full impact of outsourcing on the sustainability and development of the local economy, which requires additional research to better understand its long-term consequences.

M. Lempp *et al.* (2022) emphasise that outsourcing is an important tool for optimising production processes in the automotive industry. The study demonstrates how the transfer of non-core functions to external contractors helps to reduce costs and increase efficiency. T. Tegethoff *et al.* (2023) highlight the role of outsourcing in accelerating innovation by allowing companies to focus on their core competencies. This study also shows that outsourcing helps companies adapt more quickly to changes in the market. F. Kulembayeva *et al.* (2022) focused on the impact of outsourcing on economic growth and job creation. The study demonstrates how the involvement of international companies

can stimulate the development of the local economy. L. Berry *et al.* (2021) noted the risks of losing quality control when using outsourcing. These risks require the creation of effective mechanisms for interaction with contractors to minimise negative consequences. J. Kabus *et al.* (2022) emphasise the need for government involvement in creating a supportive regulatory framework. The study shows how government support can contribute to the successful implementation of outsourcing. J. Pakpahan *et al.* (2021) focus on the impact of outsourcing on the development of related industries such as auto parts manufacturing and IT services. It also contributes to the growth of the local labour market and the creation of new jobs. P. Chakraborty *et al.* (2024) point to the importance of outsourcing in job creation and the growth of the local labour market. The work shows how outsourcing can contribute to the economic development of the region. F. Zhou *et al.* (2021) explore how the successful implementation of outsourcing can enhance the competitiveness of the automotive industry in the international arena. The results confirm that outsourcing helps companies become more globally competitive.

A. Taghipour *et al.* (2022) highlight the importance of developing strategies for effective management of production processes using outsourcing. The study demonstrates how the right strategy can improve results and minimise risks. E. Esmaeili-Najafabadi *et al.* (2021) emphasise the need for a strategic approach to minimise the negative consequences of outsourcing. The work shows how companies can use outsourcing to improve efficiency while considering potential risks. Such gaps in existing research include the remaining insufficient elaboration of effective mechanisms for interaction with contractors and a lack of data on the long-term effects of outsourcing on production processes and economic development in conditions of specific regional characteristics.

The purpose of the study was to assess the potential of outsourcing in the automotive industry of Kyrgyzstan. Study objectives:

1. Investigate the impact of outsourcing on the optimisation of various stages of the production cycle in the automotive industry of the Kyrgyz Republic.
2. Consider the role of outsourcing in stimulating economic growth and creating new jobs.
3. Assess the risks associated with the loss of quality control and offer recommendations for effective outsourcing management in this context.

Materials and Methods

In the course of the study, the economic efficiency of outsourcing was evaluated using methods of statistical and

qualitative research. The assessment of the economic efficiency of outsourcing was based on statistical data from official sources. These data allowed tracing the dynamics of production and employment in the industry, which became the basis for further conclusions. An important aspect of the study was a detailed assessment of changes in production performance and employment levels as a result of the introduction of outsourcing practices.

Industry reports prepared by international organisations such as the World Bank (2024a; 2024b; 2024c) and International Finance Corporation (2024) were also reviewed. These reports provided valuable information on the potential for outsourcing development in Kyrgyzstan, in particular, in the automotive industry and related sectors such as logistics and auto parts manufacturing. Focusing on attracting foreign investment was an important aspect of the study, which allowed identifying how international companies could contribute to the development of outsourcing in the country.

The statistics of foreign direct investment, indicators of import and export of auto parts, and cases of successful cooperation with international companies in the automotive industry were examined to determine the impact of outsourcing on attracting international companies. The contributions of these companies to the development of the local automotive industry were assessed, in particular, through modern technologies and management practices. This study also included an examination of how cooperation with international partners improved the quality of services and products and contributed to the development of human capital through the exchange of knowledge and experience.

One of the important aspects of the study was the assessment of the impact of outsourcing on the creation of new jobs. Quantitative methods were used for this purpose, in particular, the processing of statistical data on employment in related sectors, as well as the dynamics of production growth in these areas. This allowed an understanding of how outsourcing has contributed to the expansion of related sectors of the economy, such as the production of auto

parts and the provision of IT services. The study showed that outsourcing not only creates new jobs but also stimulates the professional development of the local population, which is an important factor in improving the overall standard of living.

It also examined the risks associated with outsourcing, in particular, the loss of control over some production processes. For this purpose, cases in which errors or delays on the part of external contractors negatively affected the reputation and operational results of companies, were considered. The eCarsTrade data used helped to identify the necessary measures to develop effective mechanisms for monitoring and evaluating the quality of contractors' work. This study identified the critical reasons influencing the future of cooperation with external suppliers.

In addition, the study focused on the prospects for the development of innovations in the automotive industry through the introduction of outsourcing. Methods were used to investigate trends in the field and consider examples of successful implementations of digital technologies, such as the use of artificial intelligence and the robotisation of production lines to do this. It was shown that innovations related to outsourcing can substantially increase competitiveness and modernise production processes in the industry.

Thus, the integrated approach used in the study allowed not only to assess the positive impact of outsourcing on the development of the industry but also to identify possible problems and propose solutions to overcome them.

Results

Outsourcing, as a strategic tool, has a substantial impact on improving production processes in the automotive industry. This approach allows local automakers and car service companies to focus on their core competencies such as assembly, repair, and maintenance, while non-core tasks are outsourced. As a result of this specialisation, enterprises have the opportunity to improve the efficiency of their operations by focusing on those areas that are their main competitive advantage (Table 1).

Table 1. The influence of international companies in the automotive industry of Kyrgyzstan:
A comparative analysis of indicators before and after the introduction of outsourcing

Indicator	Before the introduction of outsourcing	After the introduction of outsourcing	Change (%)
Order completion time (hours)	48	36	-25%
Manufacturing errors (%)	8%	5%	-37.5%
labour costs (USD)	500.000	350.000	-30%
Equipment downtime (hours)	120	80	-33.3%

Source: compiled by the author based on M. Fana & D. Villani (2021)

One of the main advantages of outsourcing is the reduction of labour costs. Since outsourcing allows transferring tasks to specialised contractors, enterprises can reduce the cost of permanent employees, their training and maintenance. Instead, they can work with external partners who already have the necessary qualifications and experience.

This not only reduces costs but also minimises the need for additional investments in infrastructure and equipment that are required to perform non-core tasks (Kaveh Pishghadam & Esmaeeli, 2023).

Moreover, the involvement of highly qualified specialists through outsourcing helps to accelerate production

processes. Professional contractors with expertise and specialised equipment can complete tasks faster and better than internal employees, whose skills may be limited or not relevant enough for specific tasks. This helps to increase overall production efficiency and reduce transaction time, which in turn improves overall delivery times and customer satisfaction. Transferring non-core functions to external specialists opens up opportunities for innovation. Due to outsourcing, companies get the opportunity to focus on introducing new technologies and improving key business processes. This may include the development of new car models, the introduction of more efficient assembly methods, or the modernisation of existing maintenance systems. In turn, such a focus on innovation can help a company maintain competitiveness and adapt to changes in the market (Gambal *et al.*, 2022).

Outsourcing is an effective tool for optimising production processes and reducing costs in the automotive industry. It helps companies not only reduce operating costs but also speed up operations by focusing on key aspects of their operations. This helps to increase their competitiveness and efficiency. However, for the successful implementation of outsourcing, it is necessary to carefully select partners and build clear control mechanisms, which minimises possible risks. In a competitive market where every company strives to maximise profits and optimise the use of resources, outsourcing provides substantial advantages (Karpenko & Ivannikova, 2023). It helps to substantially reduce costs and improve financial performance, which makes it an important element of strategic management.

In addition, outsourcing reduces infrastructure costs. Instead of having to invest in expensive equipment and maintain complex systems, companies can transfer certain functions to those who already have the necessary resources

and technologies (Donis, 2023). This reduces capital and maintenance costs, freeing up funds that can be directed to more strategic initiatives or investments in the development of core business lines.

Reducing maintenance and production costs is another important advantage of outsourcing. External contractors specialising in specific areas can often perform tasks more efficiently due to their professional competence and accumulated experience. They can use more advanced technologies and techniques, which can improve quality and reduce the cost of production processes. For example, transferring functions related to inventory management or equipment maintenance to specialised companies can lead to more efficient resource management and reduced downtime.

The use of outsourcing allows automotive companies to respond more flexibly to market changes and economic conditions. It provides the opportunity to focus on your core competencies while improving overall economic efficiency. Companies can adapt more quickly to new requirements, optimise costs, and direct the released resources to the development of innovative projects or business expansion. Thus, outsourcing becomes a key tool for achieving economic sustainability and competitiveness in a dynamic and rapidly changing business environment.

Outsourcing is not only a way to optimise internal processes but also a powerful tool for attracting international companies, which opens up new horizons for the economy of the host country. The development of outsourcing in the country can substantially affect the attraction of foreign investors and partners who contribute modern technologies and advanced management methods (Table 2). This process creates favourable conditions for improving the quality of services and products and contributes to the development of human capital.

Table 2. The impact of outsourcing on the host country's economy

Aspect	Description
Optimisation	Outsourcing as a way to improve the company's internal processes
Attraction	Using outsourcing to attract international companies and investors
Modern technologies	Introduction of new technologies and advanced management methods into the economy of the host country
Quality of services	Improving the quality of services and products through international cooperation
Human capital	Promotion of human capital development through training and exchange of experience

Source: compiled by the author based on E.Y. Aguirre-Rodríguez *et al.* (2024)

In the Kyrgyz Republic, international companies entering the market through outsourcing are implementing advanced technologies and innovative methods, which can substantially improve the overall standards of production and quality of service (Creating markets in..., 2021). They have resources and expertise that are often not available to local companies, which allows them to implement more efficient production processes and use modern management tools. This not only improves the quality of the final products but also contributes to higher competitiveness in

the international arena. As a result, local companies can improve their offerings and increase their compliance with international standards, which leads to an increase in export potential and strengthens the country's economic position (Dana *et al.*, 2022).

In addition, the involvement of international companies through outsourcing contributes to the development of human capital in the country. Cooperation with foreign partners provides local specialists with a unique opportunity to share knowledge and experience, which contributes

to professional growth and development. This may include training in new technologies, mastering modern management methods and implementing best practices in work. The development of such skills not only improves the abilities of local workers but also contributes to the formation of a more skilled workforce, which, in turn, can lead to further growth and innovation in the national economy.

The involvement of international companies also contributes to the creation of new jobs and the development of related sectors of the economy. When foreign investors enter the country, they not only open new businesses but also create a need for additional services such as logistics, consulting, and IT support. This can lead to job creation in these areas and stimulate the development of the local labour market. As a result, the economy receives additional sources of income and becomes more resilient to economic fluctuations (Chen & Shen, 2021).

The development of outsourcing and the involvement of international companies is an important factor for

improving the quality of services and products, and the growth of human capital and the economy in general. This process contributes to the modernisation of production processes, the improvement of the professional skills of local workers and the creation of new opportunities for economic growth. In the future, the successful involvement of international partners can become a vital element of the country's strategy for sustainable development and competitiveness in the international arena.

Outsourcing has a substantial impact on the labour market, contributing to the creation of new jobs and stimulating the growth of related sectors of the economy (Chornyi & Chorna, 2017). In the context of globalisation and increasing competition, companies are increasingly turning to outsourcing to optimise their production processes and reduce costs. This, in turn, creates demand for specialised contractors and services, which opens up new opportunities for employment and professional growth (Table 3).

Table 3. Creation of new jobs in related sectors

Parameter	Meaning
Jobs created in factories	2000
Industries that influence job creation	Logistics, transport
The impact of transport infrastructure	Increase in jobs

Source: compiled by the author based on K. Aibashov (2024)

One of the key aspects of outsourcing is its ability to create jobs in specific areas such as the manufacture of auto parts and the provision of IT services. When car companies outsource some of their functions to external contractors, this not only allows them to focus on their core competencies but also contributes to the formation of new jobs for specialists in related industries. Auto parts companies are getting the opportunity to expand their business by hiring more employees to meet the growing demand. Similarly, IT companies providing services to the automotive industry can expand their teams to develop new technologies and solutions (Llopis-Albert *et al.*, 2021).

The development of related sectors of the economy associated with outsourcing opens up new horizons for employment and professional growth of the local population. When automotive companies outsource functions such as logistics, maintenance, or software development, this creates a need for highly qualified professionals who can perform these tasks. This, in turn, stimulates demand for educational programmes and trainings that help local workers acquire the necessary skills and knowledge to work in new fields (Cernisevs *et al.*, 2024).

In addition, the growth in the number of jobs in related sectors contributes to the diversification of the economy and the reduction of unemployment. When new enterprises are created and existing ones are developed, this brings additional income to the region's economy, which can lead to an improvement in the living standards of the local population and infrastructure development. For

example, an increase in the number of manufacturing enterprises may lead to the construction of new office and industrial premises, and the improvement of transport and social infrastructure.

Outsourcing can also contribute to the development of local entrepreneurs and small businesses. When large companies transfer parts of their functions to local contractors, this opens up opportunities to create new businesses that may specialise in providing certain services or goods. This can lead to an increase in the number of small and medium-sized enterprises, which play an important role in the economy and create additional jobs, according to D. Reuschke (2021).

Outsourcing is an important factor contributing to the creation of new jobs and the development of related sectors of the economy. It opens up new employment opportunities and professional growth for the local population, promotes economic diversification and supports infrastructure development. Thus, outsourcing plays a vital role in economic development and improving the quality of life in the region (Mytsenko *et al.*, 2024).

Outsourcing, despite its many advantages, is not without certain risks associated with the loss of control over production processes. One of the substantial disadvantages of this approach is a decrease in the level of direct control over tasks that are transferred to external contractors. This can lead to various problems that can substantially affect the company's overall operating results and its reputation in the market (Table 4).

Table 4. Risks and their impact on operational performance

Risk	Number of cases (2023)	Number of cases (2024, forecast)	Change (%)
Loss of quality control	10	8	-20%
Delays in completing tasks	15	12	-20%
Mistakes on the part of contractors	8	6	-25%

Source: compiled by the author based on C. Buia *et al.* (2018)

Outsourcing functions to external contractors can create difficulties in quality management and meeting deadlines. For example, if an automotive manufacturing company transfers the assembly of certain components to third parties, it risks facing a situation where the quality of the work performed does not meet its standards. This can happen for various reasons: from insufficient qualifications of the contractor's employees to improper organisation of the workflow. Such situations can lead to defective products, the need for alteration, or even the recall of already sold goods, which negatively affects the reputation of the company.

There is also a risk of delays in completing tasks. External contractors may not always follow established schedules, which leads to delays in the production process. This can disrupt the entire production cycle, causing delays in the delivery of finished products to customers and eventually loss of consumer confidence. This is especially critical in the automotive industry, where delivery times and compliance with quality standards are crucial.

Reducing control can also complicate the process of managing change and innovation. When companies rely on external contractors to perform key tasks, they may find it difficult to integrate new technologies and working methods that contractors may not be ready or able to implement. This can slow down the process of adapting to changes in market conditions and hinder the introduction of innovations (Raz *et al.*, 2021).

It is important to develop and implement effective mechanisms for interaction and control over the work of contractors to mitigate these risks. The conclusion of detailed contracts that include clear requirements for quality and deadlines, regular monitoring of the fulfilment of contract terms and the implementation of quality management systems can help to minimise negative consequences. Establishing transparent communication and mutual expectations also plays a critical role in maintaining a high level of control over outsourcing processes.

While outsourcing offers many benefits related to optimisation and cost reduction, it also carries risks associated with the loss of control over certain aspects of production processes (Gunash *et al.*, 2024). These risks require careful management and a thoughtful approach to the selection of contractors to minimise possible negative consequences and maintain high standards of quality and efficiency of the company.

Outsourcing is a powerful tool for modernisation and innovative development in the automotive industry,

especially in developing countries such as the Kyrgyz Republic. One of the key advantages of outsourcing is its ability to open access to new technologies and modern solutions that can substantially improve production processes and increase the competitiveness of the industry (Chen *et al.*, 2023).

The use of artificial intelligence and robotics is also an important part of innovative development, which can be achieved through outsourcing (Aizenberh, 2024). Robots and intelligent systems can perform routine and complex tasks on production lines with high precision and minimal errors, which improves overall productivity and reduces the human factor in processes. Outsourcing provides access to such high-tech solutions, which in turn contributes to the modernisation of production facilities and the improvement of product quality (Beulen *et al.*, 2022).

The future of outsourcing in the automotive industry of the Kyrgyz Republic is also linked to the possibility of integrating new digital solutions and advanced management methods. The introduction of technologies such as the Internet of Things can allow companies to collect and analyse data on production processes in real-time, which contributes to faster decision-making and improved operational efficiency.

The development of innovations through outsourcing can substantially affect the dynamics of growth and modernisation of the automotive industry. Companies that can effectively integrate new technologies and adapt them to their needs will be able to substantially improve their production performance and become more competitive in both local and international markets (Ramos & Ruiz-Galvez, 2024).

Thus, outsourcing opens up new horizons for innovative development for the automotive industry of the Kyrgyz Republic. Due to access to modern technologies and solutions, outsourcing contributes to the modernisation of production processes, and the introduction of artificial intelligence and robotics, which can eventually lead to a substantial improvement in the efficiency and competitiveness of the industry. The future of outsourcing in this context seems promising and has the potential to substantially influence the transformation of the automotive industry in the country.

Discussion

The study analysed the role of outsourcing in the automotive industry of the Kyrgyz Republic. The results showed that the introduction of outsourcing had a substantial impact on production processes and economic development

in this sector. In particular, it was determined that the transfer of non-core tasks to external contractors allowed automakers to focus on key aspects of their activities, such as car assembly and repair. This contributed to an increase in the overall efficiency of production processes and reduced time spent on completing tasks. This has also been investigated by I. Ezmigna *et al.* (2023), where the results confirmed that outsourcing is a strategy of transferring part of business processes or functions to third-party organisations, which allows companies to focus on their core business and improve overall efficiency. This practice can substantially increase the flexibility and adaptability of a business, reduce costs, and speed up the completion of tasks by attracting specialised resources and technologies. As a result of outsourcing, companies can achieve better results in managing production processes and qualitatively improve their operational performance.

C. Deng *et al.* (2021) also showed that outsourcing tasks can substantially improve the efficiency of business processes, allowing firms to benefit from the expertise of external service providers and technologies. This not only reduces the cost of internal resources but also allows accelerating the process of completing tasks through the use of specialised tools and methods. Outsourcing can help to optimise processes, improve quality, and reduce risks associated with internal operations, thereby ensuring higher productivity and competitiveness of the company.

Notably, the successful implementation of outsourcing requires careful selection of partners and a clear definition of goals and expectations. The wrong choice of an outsourcing partner can lead to problems with the quality of services, insufficient coordination, and an increase in hidden costs. In addition, it is important to ensure proper monitoring and interaction with external suppliers to ensure that their work meets the company's internal standards and requirements. Effective outsourcing also involves regular monitoring of results and readiness to respond promptly to emerging problems.

The results of the analysis showed that outsourcing has substantial potential for economic growth. A comparative analysis of the costs of operating activities before and after the implementation of outsourcing solutions demonstrated a noticeable reduction in the cost of maintaining personnel and infrastructure. These data confirm that outsourcing helps companies effectively manage their resources and optimise operating costs, which is a key factor in the competitive environment of the automotive industry. P. Mtsweni *et al.* (2021) concluded that outsourcing provides companies with the opportunity to reduce overall costs by transferring certain functions to external specialists who can perform these tasks more efficiently and economically. This is due to the fact that outsourcing companies often have more specialised skills and resources, which allows them to optimise processes and reduce labour, equipment, and technology costs (Chorny, 2013). Cost analysis shows that outsourcing can lead to substantial savings in capital investment and operating costs, as companies can avoid

having to maintain their own resources and infrastructure to perform certain functions.

In the study by J. Choi *et al.* (2021), it was determined that outsourcing has a substantial impact on the company's financial results, especially in terms of reducing operating costs. The transfer of business processes to third-party performers allows you to reduce the cost of personnel management, training, and purchase of equipment and technology. These savings often manifest themselves in the form of improved profits and lower overall production and management costs. In addition, outsourcing can provide more predictable and stable costs, since many outsourcing contracts involve fixed payments or clearly defined rates, which allows for better budget planning and improved financial management.

The results obtained confirm an earlier study, showing that outsourcing can substantially reduce operating costs and improve a company's financial performance. Indicators for reducing labour, equipment, and technology costs, and improving the overall level of efficiency, support the conclusion that outsourcing is an effective tool for optimising business processes. These results confirm that companies can substantially improve their financial stability and competitiveness through the proper use of outsourcing and strengthen their market positions through a more flexible and cost-effective approach to resource management.

The study also established that the involvement of international companies has become an important area in the development of outsourcing in Kyrgyzstan. Data on the number of foreign investors and their interaction with local enterprises showed that international companies contribute to improving the quality of products and services. They transfer modern technologies and management methods, which contributes to the development of human capital and improve the general skills of employees in the industry. The paper of M. Könning *et al.* (2021) is notable, stating that international companies play a key role in improving outsourcing quality and technology by providing high standards and advanced solutions that local companies can use to improve their efficiency. These companies often bring new technologies and management methodologies to the market, which improves the quality of services and products. Their experience and resources contribute to the implementation of best practices and innovative approaches in outsourcing processes increasing the overall competitiveness and productivity of both outsourcing companies and their clients.

In turn, A. Nugent & H. Chan (2023) concluded that foreign investors play an important role in technology transfer and skills development in the outsourcing sector, contributing to the training and professional development of local employees. The investment of foreign companies in outsourcing can include not only financial investments but also the transfer of knowledge, technologies, and working methods that help local companies develop and improve their competencies (Trusova *et al.*, 2022). This technology transfer contributes to the development of infrastructure

and the creation of new jobs, as well as strengthens the professional skills of employees, which ultimately leads to an overall improvement in the quality of outsourcing services and strengthening positions in the global market.

These data are consistent with the theses given in the previous section, as they confirm that international companies and foreign investors have a substantial impact on quality and technology in the field of outsourcing. They not only contribute modern technologies and best practices but also to the development of skills and the professional skills of local workers. This, in turn, helps to increase the overall efficiency and competitiveness of the outsourcing sector, supporting the conclusion that international cooperation plays a key role in optimising business processes and improving the quality of services.

Special attention in the study was paid to the impact of outsourcing on the creation of new jobs. The data used indicates an increase in the number of jobs in related sectors, such as auto parts manufacturing and IT services. This confirms that the development of outsourcing has a positive impact on employment, opening up new employment and professional growth opportunities for the local population. R. Collington & M. Mazzucato (2022) also conducted a study, the results of which confirmed that outsourcing can substantially contribute to job creation, especially in the regions where it is being implemented. The transfer of business processes to third-party performers often requires the involvement of new employees to perform various functions, from customer support to specialised technical services. This leads to the creation of new jobs and stimulates economic growth in places where outsourcing is becoming a common practice. In addition, outsourcing can contribute to the development of new industries and businesses, such as IT services and consulting, creating additional opportunities for employment and professional growth.

A. Bramucci *et al.* (2021) also established that outsourcing has a substantial impact on employment not only directly but also in related sectors. When companies outsource certain functions to external contractors, this can lead to an increase in the number of jobs in related fields such as logistics, project management, and technology support. For example, an increase in the volume of outsourcing operations may stimulate the need for additional specialists to manage these processes, which creates jobs in the field of management and maintenance. In addition, the development of the outsourcing market can contribute to an increase in demand for services in related areas, such as training and personnel development, which additionally contributes to overall job creation and economic growth.

Comparing the data obtained in the study, it can be concluded that outsourcing has a substantial impact on job creation and the development of related sectors. The results show that outsourcing functions not only contributes to the creation of new jobs in the main outsourcing sector but also stimulates employment growth in related areas such as logistics, project management, and technology support. This confirms the conclusion that outsourcing can be not

only an effective tool for optimising business processes but also an important factor in supporting economic growth and creating new employment opportunities.

However, the study also identified some risks associated with the loss of control over production processes. Cases where errors or delays on the part of external contractors negatively affected the reputation and operational results of companies emphasise the need for careful selection of partners and monitoring the quality of their work. Effective management of these risks requires the introduction of additional quality control and assurance measures. M. Yazdani *et al.* (2021) concluded that outsourcing can lead to risks of loss of control over key processes and standards, as certain functions or tasks are transferred to external partners. This can make it difficult to manage quality and align work with the company's internal strategies and goals. It is important to establish clear contractual terms and monitoring procedures to ensure compliance with quality standards and timely completion of tasks to minimise these risks. Regular audits and reviews, and clear feedback mechanisms, can help maintain control over outsourcing processes and ensure that work is performed in accordance with established requirements.

S. Ali *et al.* (2022) determined that choosing a reliable outsourcing partner and effective quality management are key factors for the successful implementation of outsourcing strategies. Companies should carefully evaluate potential contractors based on their reputation, experience, and ability to meet established standards. It is also important to develop clear quality assessment criteria and establish regular inspections to ensure that the work meets internal requirements. Quality control systems such as Key Performance Indicators and Service Level Agreements can be used to monitor performance and respond to problems in a timely manner, which helps reduce risks and improve outsourcing results.

When analysing the results of the study, it becomes clear that effective risk management and the choice of reliable partners are critical for successful outsourcing. It is observed that the loss of control over vital processes can be successfully minimised through strict compliance with contractual terms, regular audits, and the implementation of quality control systems. The selection of qualified and trusted outsourcing partners is also of critical importance in ensuring high standards of task performance and maintaining control over processes. These findings highlight the need for an integrated approach to outsourcing management to ensure its effectiveness and minimise potential risks.

In conclusion, the results of the study indicate the prospects for further development of outsourcing in the automotive industry of the Kyrgyz Republic. The introduction of modern technologies such as digitalisation, robotics, and the use of artificial intelligence can substantially increase the competitiveness of the industry. The prospects for growth and development of innovative outsourcing solutions open up new opportunities for the automotive industry, contributing to its modernisation and strengthening its competitive position in the international arena.

Conclusions

The examination of outsourcing in the automotive industry of the Kyrgyz Republic demonstrated substantial prospects and potential benefits for the industry. During the analysis, the introduction of outsourcing in this area was identified to substantially improve production processes. Moving non-core tasks to external contractors contributed to more efficient use of resources and faster task completion, which, in turn, increased overall productivity and quality of services.

The economic efficiency of outsourcing turned out to be noticeable: companies that implemented outsourcing were able to substantially reduce operating costs. Reducing the need for permanent staff and infrastructure has decreased the overall maintenance and production costs, which has had a positive impact on the financial results of enterprises. This aspect is an important factor for sustainable development and competitiveness in the automotive industry.

The involvement of international companies, which ensured the introduction of modern technologies and management methods, played a key role in improving product quality and the skills of local staff. Technology and knowledge transfer, as well as joint work with foreign partners, contributed to substantial progress in the development of the industry. The creation of new jobs was another important achievement. Outsourcing has contributed to the development of related sectors such as auto parts manufacturing and IT services, which has opened up new employment opportunities and professional growth for

the local population. However, the study also identified the risks associated with the loss of control over some production processes. Errors or delays on the part of external contractors can negatively affect the reputation of companies and their operational performance. Therefore, it is important to implement effective measures to minimise these risks. The future of outsourcing in the automotive industry of the Kyrgyz Republic is linked to the prospects for the introduction of innovative technologies such as digitalisation, robotisation, and the use of artificial intelligence. These technologies can substantially increase competitiveness and contribute to the further development of the industry. In general, outsourcing is an important tool for the modernisation and growth of the automotive industry in the country.

The limitation of this study is the lack of data on the long-term effects of outsourcing on production processes and economic development in the specific conditions of the automotive industry of the Kyrgyz Republic. Additional research is needed, focusing on the long-term effects of outsourcing on innovation processes and the sustainability of the industry to better understand the impact of outsourcing on the automotive industry of the Kyrgyz Republic.

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Conflict of Interest

None.

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Аутсорсинг в автомобільній промисловості Киргизької Республіки: перспективи розвитку

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Анотація. Дослідження було проведено для оцінки перспектив розвитку аутсорсингу в автомобільній промисловості Киргизької Республіки та його впливу на продуктивність, економічну ефективність та інновації в галузі. У дослідженні використовувалися методи статистичного аналізу для опрацювання даних про виробництво та зайнятість з офіційних джерел, порівняльний аналіз успішних прикладів міжнародного співробітництва, а також методи оцінки ризиків, пов'язаних з аутсорсингом. У результаті дослідження було встановлено, що аутсорсинг в автомобільній промисловості Киргизької Республіки сприяє зниженню операційних витрат і підвищенню виробничої ефективності. Виявлено, що передача непрофільних функцій зовнішнім підрядникам дає змогу компаніям зосередитися на ключових процесах, що прискорює впровадження інновацій. Також підтверджено, що аутсорсинг допомагає залучати міжнародні компанії, стимулюючи економічне зростання і створюючи нові робочі місця. Однак було виявлено ризик втрати контролю над якістю та термінами виконання завдань, що потребує розроблення ефективних механізмів взаємодії з підрядниками для мінімізації можливих негативних наслідків. Також дослідження показало, що успішне впровадження аутсорсингу потребує активної участі державних органів для створення підтримуючої нормативної бази та стимулів для залучення інвестицій. Результати продемонстрували, що аутсорсинг сприяє розвитку суміжних галузей, таких як виробництво автозапчастин та ІТ-послуги, що зі свого боку стимулює зростання локального ринку праці. У довгостроковій перспективі, використання аутсорсингу може стати ключовим фактором у підвищенні конкурентоспроможності автомобільної промисловості країни на міжнародній арені. Дослідження надає цінні дані щодо впливу аутсорсингу на ефективність та інноваційний розвиток автомобільної промисловості, що може слугувати підґрунтям для розроблення стратегій оптимізації виробничих процесів і поліпшення економічних показників у цій галузі

Ключові слова: операційні витрати; виробнича ефективність; міжнародні компанії; економічне зростання; конкурентоспроможність
