



HANDICRAFT ENTREPRENEURSHIP DEVELOPMENT IN THE REPUBLIC OF UZBEKISTAN

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ABSTRACT

The article analyses craftsmanship development issue in Uzbekistan and developed scientific proposals and practical recommendations for improving the mechanism of the handicraft activities development through the expansion of entrepreneurship.

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1. Introduction

In recent years, high-quality and unique handicraft products are in great demand and are competitive, as they reflect national characteristics, traditions and values of the country. Craftsmanship is also extremely important in securing employment. For example, at present, “in Germany, the employment rate in the craft sector is 13%, in Bulgaria – 38%, in Austria – 11%, in Romania – 28%, in Spain – 0.9%, in Italy – 6%”¹.

The world is focused on providing effective employment as well as the development of high potential sectors, in particular tourism, as a way of developing and supporting craftsmanship. Scientific research is under way to improve the mechanism of state support for the development of craftsmanship in market conditions, the formation of a market for craft services, the broad introduction of marketing, and the use of craftsmanship in tourism development.

In Uzbekistan, great attention is paid to the craftsmanship development in the context of rapid socio-economic reforms. At the same time, there is a need for practical solutions and scientific research: to ensure the technical growth of

¹ Отчет по ситуации с ремесленничеством в Европе «Проект CR@FTSMAN; Report on the situation of craftsmanship in Europe» [cr@ftsman project ES/09/LLP-LdV/TOI/149072http://projects.ifes.es/pdfs/craft/craft1.pdf](http://cr@ftsmanprojectES/09/LLP-LdV/TOI/149072http://projects.ifes.es/pdfs/craft/craft1.pdf).

handicraft; to improve the system of vocational training for artisans; to provide them with logistical and financial resources; to improve the quality of craftsmen's products in accordance with market requirements; to increase craftsmanship product exports.

General theoretical principles of craftsmanship, as well as issues of its development are covered in the works of many foreign scientists. Among them are M. Weber, W. Sombart, A. Smith, T. Mommzen, R. Hisrich, M. Peters and others.

Among the scientists from Russia and the CIS countries, I.T. Pososhkov, M.I. Tugan-Baranovsky, A.V. Artemov, V.Koenig, N.D. Gaibatova, A.Meyer, V.M. Kovrigina, T.A. Badlev, A.S. Kandedikas, A.P. Pakhritsina, S.V. Porodina, G.M. Ryazantsev, I.V. Ryazantseva and others researched this direction. In the works of these scientists-economists, great attention is given to the entrepreneurship field for the creation of modern theory for craftwork development.

The literature, which is devoted to the socio-economic, industrial and cultural development of the country until the 90s of the XX century, along with other general issues, partially touched upon the craftsmanship issues. Among them are works by B. Desyatchikov, Y. Ponomaryov, L. Litvak, M. Tsyapkina, L.I. Rempel. From the historical point of view, the works of historians such as D.A. Fakhretdinova, T.A. Abdullayev, S. Shokirova, B.A. Farmanova, A.K. Tukhtaev, U.A. Klichev widely covered the place and development of craftsmanship in the social life of a particular period.

In the years of independence in the works of scientists of our Republic – S.S. Gulyamov, Y. Abdullayev, F. Karimov, H.P. Abulkasimov, N.K. Muradova, A.A. Kulmatov, V.A. Zhen, U.V. Gafurov, devoted to small business and private entrepreneurship, were also raised the questions of craftsmanship. In general, in our country, and during the years of planned economy and independence, national handicraft was not studied from the economic point of view. Taking into account the theoretical and practical significance of craftsmanship, as well as its social-economic significance, we chose it as the object of study.

The research aims to develop scientific proposals and practical recommendations to improve the theoretical foundations for handicraft entrepreneurship development.

The object of the research is the development processes of the activities of craftworkers in the Republic of Uzbekistan.

The subject of the research is the socio-economic relations connected with the handicraft development.

Research methods. The dissertation contains methods of scientific abstraction, comparative analysis, economic and mathematical modeling, logical thinking and historical development, systemic approach, statistical grouping method, etc.

Craftsmanship is an early form of human production activity that existed before the advent of cities. It was defined that the term "handicraft" existed in the languages of all people and nations, and the basis of the term was the combination of "hand" and "labour". For example, it is a combination of "hand" and "craft" in English, "hand" and "werk" in German, "travail" and "manuel" in French, "abilita" and "manuale" in Italian, "destreza" and "manual" in Spanish and "manual" corresponding to the meanings of "handiwork" and "handicraft". It fits the terms "ремесло" in Russian, "handicraft" in English, "handwerk" in German, "travailmanuel" in French, "abilitamanuale" in Italian, "destrezamanual" in Spanish. But, in the definition of the term "craftsmanship" it is revealed the presence of contradiction, firstly, it is said that it is a work based on creativity for the manufacture of a product that requires special skills and craftsmanship, and secondly, it is said that a craft is a work that does not require creativity, which is reiterated on the basis of a unified template.

Craftsmanship is a form of early production, early mentorship, the early creation of the beauty of human activity. In this context, craftsmanship combines three forms of activities: creativity, economy, and education. It is proved that creative activity is largely characteristic of the spheres of culture and art, economic activity – production and economic sphere, educational activity is characteristic of craft training based on "Usta-shogird" (Master-apprentice).

According to the authors, craftsmanship by types of activity is divided into traditional, artistic and modern craftsmanship. Traditional craftsmanship is the oldest type of craftsmanship, mainly specializing in the production of household items and tools. These craftsmen meet the everyday needs of the population.

Artistic craftsmanship based on national traditions and art, meeting aesthetic criteria and functional requirements with highly qualified work – the result of which is a product at the level of a work of art.

Modern hand-craftsmanship is a new kind of handicraftsmanship based on the achievements of science and technology. These types of craftsmanship, which we present below, require a person to be qualified, experienced and skilled.

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These are crafts such as quilling, quilting, decoupage, card making, scrapbooking, felting, patchwork, fusing, foamiran, flocking, etc. We consider these fields of activity to be a modern craft and to be enshrined in the law.

As a result of the use of numerous complex machines, mechanisms, and innovations in the field of craftsmanship, the mill and bakery trade has grown into the food production industry, the boot trade into the footwear industry, the tailor's trade into the garment industry, and the forging trade into the metalworking industry. The authors believe that entrepreneurship first appeared in the handicraft industry. In our day an unusual customer demand, tired from the purchase of consumer goods and looking to purchase something different, original, environmentally friendly product, can be satisfied by expanding the business in handicraft activities. For instance, handmade carpet making, embroidery on modern clothes, drawing on silk and cotton fabrics, handmade satin patterns, as well as new patterns that meet modern requirements, production of modern kitchenware in pottery and developing entrepreneurship in the field of woodcarving. From this point of view, craftsmanship as one of the types of entrepreneurship is divided into five types of entrepreneurship in the field of activity (Figure 1).

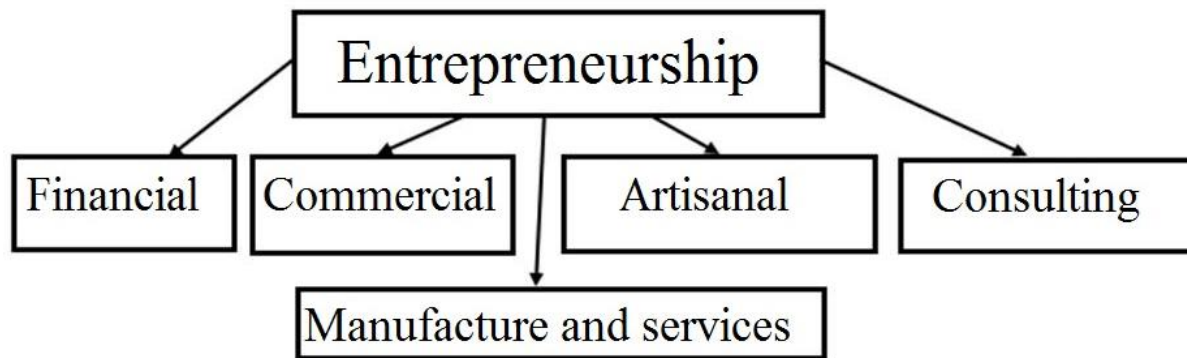


Figure 1. Forms of entrepreneurship by field of operation²

In our opinion, the stages of formation and development of craftsmanship in Uzbekistan can be divided into the following stages: the period of origin of craftsmanship up to 70 years of the XIX century, the period of colonization of Tsarist Russia, the planned economy period, the period of independence.

During the years of independence, the revival of national craftsmanship has become one of the main tasks in our country. Teaching the secrets of craftsmanship to the youth and providing them with permanent jobs contributed to improving their social status and raising the living standards of the population. Crafts that were on the verge of vanishing have been

² Compiled by the authors.

restored and developed. "Master-apprentice" schools were reinstated, where many youngsters learn handicraft secrets, and this process continues.

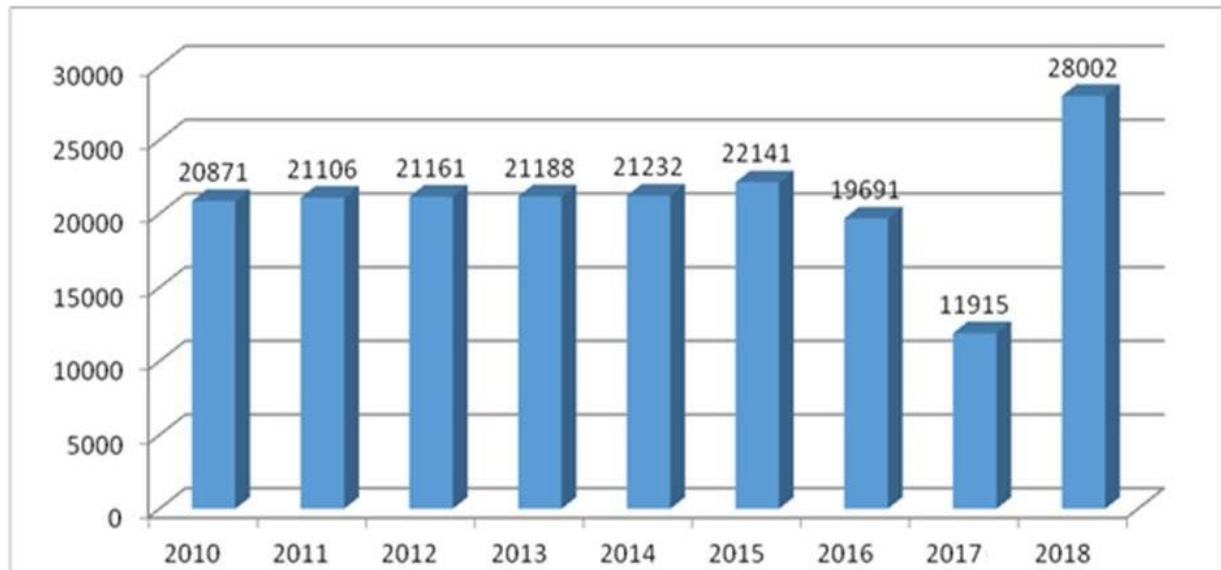


Figure 2. The number of the craftsmen members of the Republic Crafts Association "Khunarmand"³

In 2010, the "Khunarmand" Association had 20,871 members, but as a result of the privileges and increased attention to craftspeople, the number of members had risen to 22,141 by 2015, while the number of members had decreased by 2,450 and amounted to 19,691 artisans in 2016, and 11,915 in 2017 and 28,002 in 2018.

According to the Presidential Decree PD № 5242 "On the development of craftsmanship and the measures of comprehensive support for artisans" dated November 17, 2017, starting from December 1, 2017, all artisans were exempted from fixed taxes and in 2018 their number increased to 28,002 people (Figure 2).

These data show that the number of artisans decreased sharply in 2017. The main reasons are:

1. Some members of the Association, who did not do craftwork for two or more years, were excluded from its membership;
2. Craftsmen that occupied other activities were excluded from the membership of the Association "Khunarmand";
3. From January 1, 2017, due to the imposition of profit tax on artisans-entrepreneurs, mainly rural artisans withdrew from the membership of the Association on their own volition.

In order to study the problems in handicraft, the authors conducted a sociological study. Areas were where handicraft was historically developed. The analysis of questionnaires showed the percentage of artisans, who started their activity from the early years of independence, is 66.3%, with sufficient profit of 98%, and 83.3% feeling the support of the state. Factors complicating the activity, such as difficulties in procurement of raw materials – 27.2%, insurance fee to the extra-budgetary Pension Fund – 19%, lack of independence of the market and business – 30%, were also determined. This provision justifies the need to stimulate the development of craftsmanship, eliminate problems in the acquisition of raw materials, exempt artisan retiree from the payment of the insurance fee to the extra-budgetary Pension Fund, and provide soft loans.

³ Compiled by the authors based on the data of the Republic Crafts Association "Khunarmand"

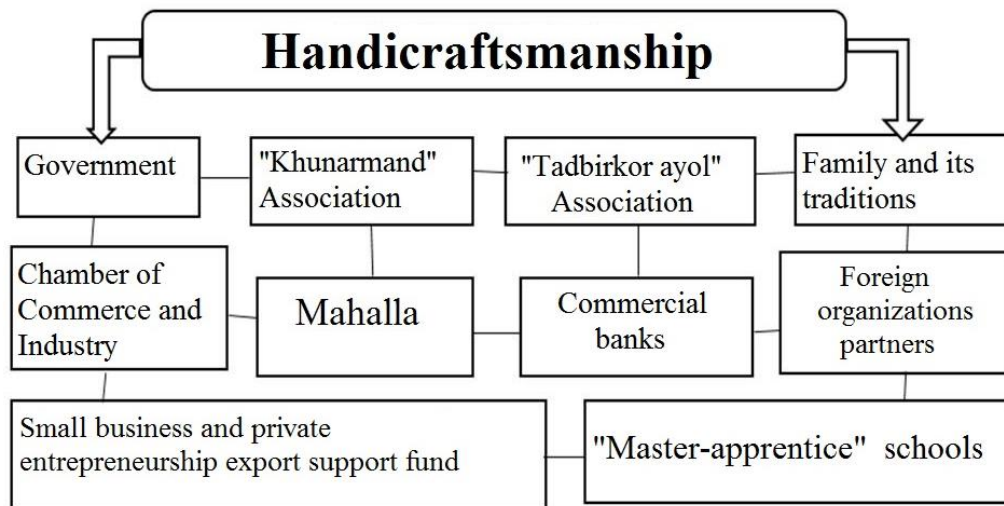


Figure 3. Institutional framework for the support of handicraftsmanship⁴

Analyzing the progress of craftsmanship, it can be noted that the government has created juridical, legislative basis and institutional framework for the sphere's development (Figure 3).

Craftsmen are exempted from the established taxes on production and sale of products (goods, works, services) of craftsmanship, from insurance fee to the extra-budgetary Pension Fund. It is established that craftsmen registered and operating in rural areas, should pay 50% from the amount of insurance fee to the extra-budgetary Pension Fund. Craftsmen are granted a loan for a period of 2 years, in the amount of 300 minimum wages, with a six-month grace period for the payment of the principal amount of the loan.

Not all artisan entrepreneurs are members of the "Khunarmand" Association. Many of them perform their activities informally as individual entrepreneurs. In the future, it is advisable to develop and improve the mechanism of their involvement in crafts activities. The organizational and institutional model of craftsmanship development is presented in the 4th figure (Figure 4).

By the realization of organizational and institutional model, a set of measures and programs can be developed in the regions to support craftsmanship.

Presently, when the process of economic modernization of the Republic is being accelerated, it is feasible to apply traditions intrinsic to national craftsmanship in some sectors of the economy. For example, the production of designer furniture using wood carving, modern clothing using national fabrics, the creation of new patterns and designs in handmade woolen carpets, and ganch carving in construction are all recognized as innovations in craftsmanship, i.e. innovative craftsmanship. We consider that innovative craftsmanship can be characterized by the following: innovative craftsmanship is a way of searching for and using new technologies and raw materials in the creation of craft products that correspond to national traditions, culture, and values.

⁴ Developed by the authors

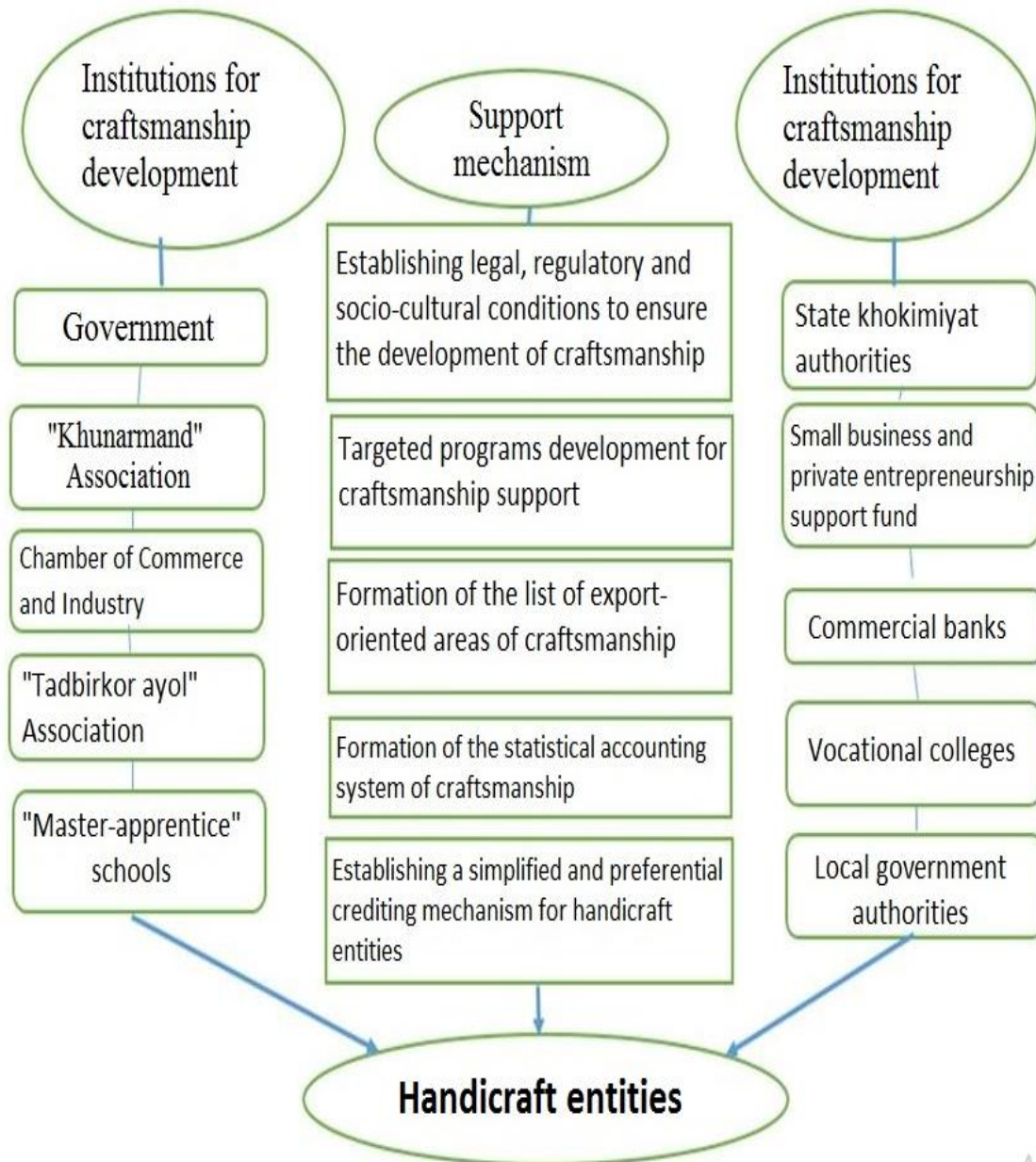


Figure 4. Organizational and institutional model of the entrepreneurship development mechanism in crafts activities⁵

⁵ Compiled by the authors.

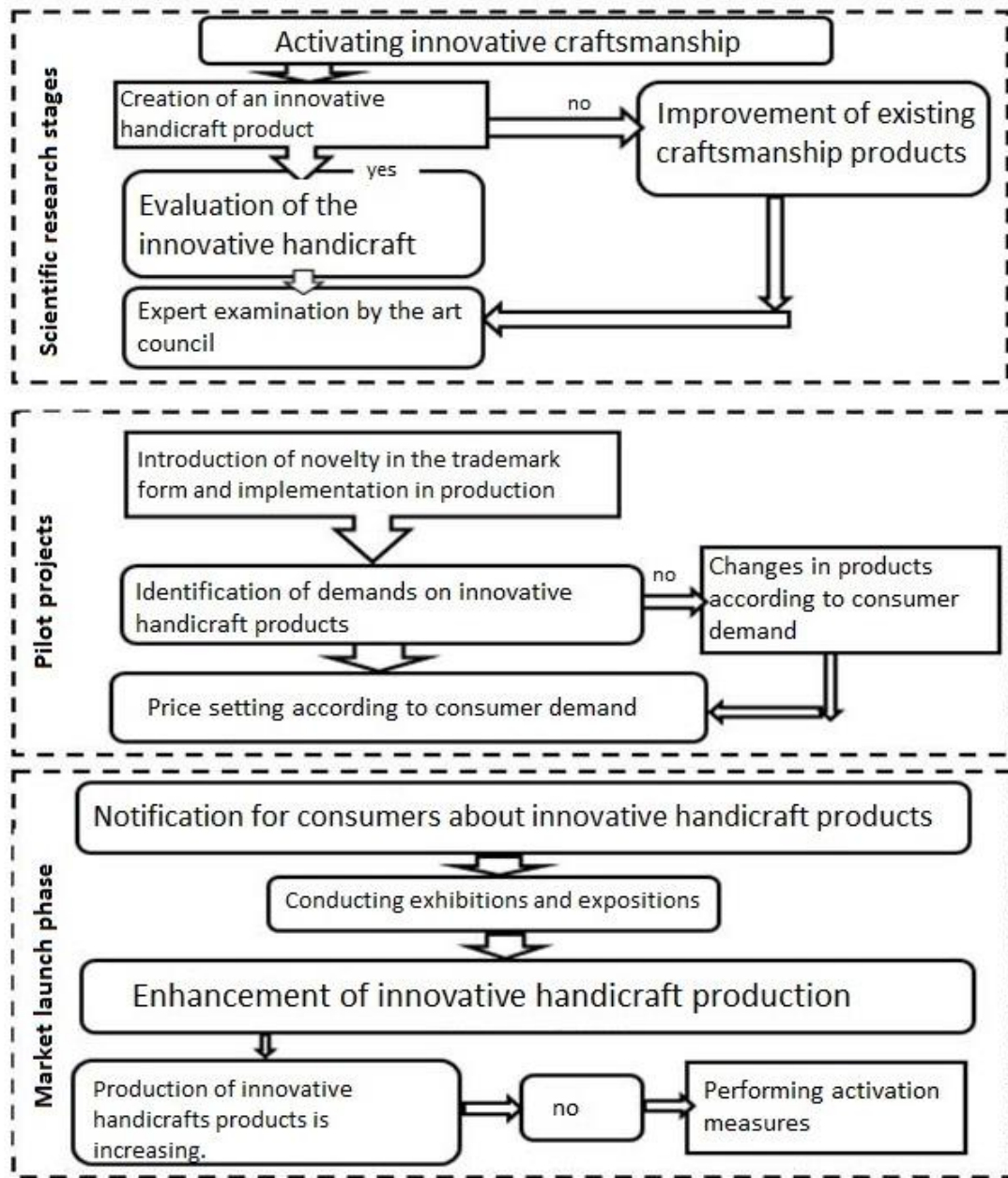


Figure 5. Activation mechanism of innovations in craftsmanship⁶

It is well-known that the innovation cycle includes three stages – scientific research (creation of innovation), pilot projects (bringing the developments into the trademark form and implementation into production), as well as the release of products to the market. At the craft enterprise – workshop these stages are carried out together, without large financial means. Success in many respects is connected with activation of creation and application of innovations and their commercialization. The activation mechanism of innovation application in handicrafts allows creating innovations in the sphere of handicrafts, to substantiate decisions on organization of marketing activities in the organization process of effective demand for handicrafts

⁶ Compiled by the authors.

products and their introduction into production, flexible response to market changes and activation of innovation application in handicrafts (Figure 5).

2. Conclusion

To strengthen the handicraft development, the following scientific proposals and practical recommendations can be made:

1. In our opinion, it is important to revise the main directions of craftsmanship, to optimize them by dividing into traditional, artistic and modern craftsmanship. As a result, the number of members of "Khunarmand" Association will increase, and it will be possible to calculate the volume of production, as well as its share in GDP.
2. Modern handicraftsmanship is a new type of handicraftsmanship, which emerged on the basis of the achievements of science and technology, and requires a person to be qualified, skilled and experienced, and it is advisable to refer them to modern handicrafts and to consolidate them at the legislative level. In order to develop and improve craftsmanship and the legal and regulatory framework, it is necessary to develop and adopt the Law of the Republic of Uzbekistan "On national craftsmanship".
3. It is necessary to form an entrepreneurial system that unites enterprises manufacturing handicrafts (Associations, companies, LLC). They are engaged in the search for foreign consumers, the delivery of craft products and the processing of customs documents. As a result, the export growth of craft products will be ensured.
4. It is necessary to exempt artisans working in "Master-apprentice" schools from land and property tax. This is particularly important for artisans working in rural areas. As a result, the interest of masters in running their activities in "Master-apprentice" schools will increase, which will allow preserving the continuity of national craftsmanship.
5. In prestigious areas of craftsmanship, it is important to establish craft clusters that employ the population, to provide artisans with inexpensive resources and form an entrepreneurial system for the sale of handicraft products.
6. To obtain real statistical data on craft entrepreneurship, it is necessary to include economic activity types in the classifier.

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