



REGION PEOPLE SUBSIDIARITY AND CULTURAL SUSTAINABILITY DIRECTIONS

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Abstract

This article discusses the principle of subsidiarity in the development of family entrepreneurship, as this principle gives family business entities the right to independently organize and conduct their activities. Family entrepreneurship, as a form of small-scale economic activity, is characterized by local decision-making on the basis of subsidiarity, efficient use of resources, and assessment of development opportunities in accordance with their own needs without external intervention.

Keywords: subsidiarity, business, crafts, resources, exports, econometrics, forecast.

Introduction

The main goal of highlighting regional handicrafts in Uzbekistan based on the principles of subsidiarity and cultural sustainability from an institutional perspective is to ensure the economic and cultural sustainable development of the handicraft sector by encouraging the growth of local initiatives and autonomy in different regions. Through the principle of subsidiarity, each region is enabled to carry out independent economic activities based on its available resources, traditional crafts, and historical heritage. This approach serves to create a scientifically grounded platform for diversifying the regional economy and strengthening regional socio-economic infrastructure.

The principle of cultural sustainability serves as a key guarantee for the long-term development of handicraft activities. The aim of this research is not only to preserve traditional crafts but also to integrate them with modern economic demands, regulate them on an institutional basis, and develop mechanisms for their active inclusion in



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economic processes. Thus, by managing regional handicrafts based on subsidiarity and cultural sustainability, folk crafts can be developed not only as cultural heritage but also as a sustainable economic resource. If the management of regional handicrafts based on the principle of subsidiarity is strengthened, a balance between regional economic development and the preservation of cultural heritage can be ensured. If institutional systems based on cultural sustainability are created within handicraft enterprises, their economic activities will gain both sustainable and innovative characteristics.

Consistent reforms are also underway to improve the system of involving regional populations in the field of folk handicrafts, to teach young people skills in local communities based on the "master-apprentice" tradition, to ensure employment, and to reduce poverty while developing the handicraft sector. Presidential Decree No. PQ-55 of December 20, 2021, "On additional measures for the development of family entrepreneurship and expanding sources of income for the population" [1], and Presidential Decree No. PQ-77 of December 30, 2021, "On further improving the support system for handicraft activities" [2], have been adopted. These decrees aim to increase employment, finance local projects, develop the handicraft sector, support artisans' activities, and provide preferential loans at an annual interest rate of 14% to members of the "Hunarmand" Association. These loans are intended for up to three years for the purchase of tools, spare parts, and raw materials, and for up to 18 months to replenish working capital. They also support the establishment of handicraft development centers, "master-apprentice" schools, the construction of home museums and workshops, or the purchase of buildings and structures for these purposes — all of which have led to positive changes in the field of folk handicrafts. The role of the subsidiarity principle in the development of regional handicraft activities is analyzed. Subsidiarity — the principle of delegating decision-making authority to the lowest possible level — in handicrafts expands the ability of local artisans, family enterprises, and small communities to implement their initiatives independently. This process increases regional economic sustainability and helps transform local cultural values into economic assets. As a result, the freedom, openness to innovation, and self-governing capabilities of folk handicraft activities are enhanced.



Literature Review on the Topic. Foreign economists such as Basco [3] have examined the economic issues of developing folk handicrafts and the digitization of national folk handicrafts in the regions through the development of applied arts by local artisans. Additionally, the positive aspects of family-based handicrafts in the national economy have been studied from the perspective of corporate governance and institutional approaches to the development of handicrafts, with the unique features of these systems explored by scholars such as Banalieva, Eddleston, Zellweger, and Steier [4].

In this direction, Uzbek researchers such as A. O'limasov [5], D.T. Yuldashev, O.M. Pardaeva [6], and others have investigated the theoretical model of the relationship between family business and regional development, highlighting the advantages of folk handicrafts. Their primary focus has been on national handicrafts developed through family business models. However, the economic and social nature of the digitization of folk handicrafts has not yet been thoroughly revealed in these works. Currently, the ongoing efforts in the digitization and future planning of the folk handicraft sector demand a more serious and scientific approach to research in this area.

Research Methodology. In this research, the prospects for the development of the folk handicraft sector were determined using mathematical modeling methods. An empirical model was developed based on the results of regression analysis of trend models within a correlation analysis framework.

Analysis and Key Findings. If mechanisms for independent decision-making are introduced in the handicraft sector based on a subsidiarity-based management model, the competitiveness and export potential of enterprises will increase. Moreover, if regional handicraft activities are developed through an integrated system where cultural heritage is treated as an economic resource, the international recognition of the regional brand will improve. When digital technologies (such as 3D and IoT) are implemented in harmony with the principle of subsidiarity, the efficiency and innovativeness of handicraft production will increase significantly



[7]. The objectives of scientifically substantiating the theories of subsidiarity and cultural sustainability within the institutional approach are presented in the table.

Table 1. Directions of Subsidiarity and Cultural Sustainability¹

• Goal	• Task	• Implementation Mechanism
Preserve and develop national heritage	Identify, classify, and promote local craft types	Regional research, creation of catalogs, inclusion in cultural heritage registers
Modernize handicraft technologies	Provide artisans with modern tools and equipment	Government subsidies, establishment of technology centers, organization of training
Support artisans' activities	Provide loans, grants, and tax incentives	Cooperation with commercial banks, grant competitions through artisan associations
Certify products and increase competitiveness	Formalize products based on international standards	Quality control centers, issuance of national brand labels
Expand trade and export opportunities	Establish market linkages	Online trading platforms, participation in international exhibitions, logistics networks
Train personnel and guide them toward crafts	Develop vocational courses and mentorship systems	Vocational training centers, incentives for mentors, youth job fairs
Integrate handicrafts with tourism	Turn craft workshops and exhibitions into tourist attractions	Include craft centers in tourism routes, "Live Craft" projects
Ensure environmental sustainability	Use natural and renewable resources	Eco-craft centers, "green label" system, avoidance of environmental damage

Translation: The methodology for scientifically substantiating the theories of subsidiarity and cultural sustainability, and their place within the institutional approach, includes empirical analysis and statistical methods to assess the performance indicators of regional handicraft enterprises, identify and diagnose current trends, compare foreign and local practices, study the effectiveness of governance models based on subsidiarity and cultural sustainability, and develop a regional development model and forecast parameters for the handicraft sector. Institutional proposals are clarified and improved based on feedback from specialists and practitioners in the field of handicrafts [8].

¹ Author's development as a result of studies



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The development of folk handicraft technologies requires a comprehensive approach at the regional level. Clearly defining the objectives and tasks in this area and scientifically developing mechanisms for their implementation plays a significant role in strengthening regional economies, preserving cultural heritage, and improving public welfare. In our view, supporting local initiatives should begin with promoting family entrepreneurship at the local level — that is, in neighborhoods, villages, and urban microsystems — based on the principle of subsidiarity [9]. For this purpose, regional administrative bodies should provide subsidies, preferential loans, and tax incentives for family business projects. Creating conditions for each family to make independent economic decisions based on their capabilities and resources will enhance their stability and strengthen the local economic system.

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