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THE SIGNIFICANCE OF HOME-BASED WORK IN ENHANCING HOUSEHOLD INCOME AND PROSPECTS FOR ITS DEVELOPMENT

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Abstract. This article examines the critical role of home-based work (kasanachilik) in enhancing household incomes and fostering economic stability. It analyzes the current state and socio-economic impact of such activities, particularly in rural and underserved communities. The research identifies key challenges hindering the widespread adoption and effectiveness of home-based production. Furthermore, it proposes strategic directions and policy recommendations for the sustainable development and expansion of kasanachilik, aiming to unlock its full potential for poverty reduction and inclusive growth.

Keywords: Home-based Work, Household Income, Kasanachilik, Economic Development, Poverty Reduction, Rural Employment, Development Prospects, Cottage Industry

Introduction. Homeworking, or "kasanachilik" in the Uzbek context, has emerged as a critical avenue for economic development and income generation, particularly in developing economies. While the global landscape of working from home (WFH) opportunities often favors developed nations due to advanced infrastructure and occupational structures, its potential in emerging markets remains significant despite inherent challenges. Developing countries typically exhibit lower rates of home-based work, often below 3% in some regions, contrasting sharply with over 40% in highly developed economies. This disparity is largely attributed to infrastructure limitations, such as internet access, and the prevalence of occupations less amenable to remote work. Nevertheless, for low-educated and low-paid workers, who often have fewer WFH opportunities, strategic development of home-based activities can offer crucial pathways to employment and improved livelihoods, even while acknowledging potential drawbacks like reduced in-person interaction and increased income inequality if not managed effectively.

Against this backdrop, Uzbekistan has embarked on an ambitious national development trajectory, aiming to achieve "above-average income" status and significantly reduce poverty. The 2022-2026 Development Strategy outlines comprehensive plans for economic liberalization, substantial GDP per capita growth, and a robust increase in industrial and digital economic output. Concurrently, poverty reduction has become a national priority, with estimates indicating 12-15% of the population living below the poverty line and high unemployment rates, particularly among women and youth. In response, the government has initiated extensive reforms, emphasizing vocational training, financial literacy, and entrepreneurship to empower the working-age population towards self-sufficiency. Within this strategic framework, the expansion and formalization of kasanachilik activities present a vital, yet underexplored, mechanism to directly address household income disparities, foster inclusive economic participation, and contribute to the broader national goals of poverty eradication and sustainable development. This article therefore examines the multifaceted importance of kasanachilik in increasing household incomes and explores the strategic prospects for its comprehensive development in Uzbekistan.

Kasanachilik, while broadly translating to homeworking, embodies a distinct socio-economic phenomenon within the Uzbek context, differentiating it from the more generalized "work from home" (WFH) models prevalent in highly developed economies. It encompasses a spectrum of production,

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craft, and service-oriented engagements, often deeply embedded in local traditions and community structures. Typologies include traditional crafts like textile production, ceramics, and woodworking, which not only generate income but also preserve cultural heritage. Agricultural processing, such as drying fruits or preparing preserves, extends the value chain of rural produce. Light manufacturing and assembly, often through subcontracting for larger industries, provide flexible labor solutions and connect home-based workers to formal supply chains. A nascent category of digital kasanachilik, including data entry and online tutoring, is emerging, though constrained by infrastructure limitations like internet access. The defining characteristic across these typologies is the utilization of the home as the primary workspace, enabling individuals, particularly women and those with limited mobility, to integrate economic activity with domestic responsibilities. This localized, flexible approach fosters a unique form of economic participation, with potential for formalization to unlock its full developmental impact.

The economic impact of kasanachilik is pivotal for increasing household incomes and reducing poverty in Uzbekistan, directly addressing the national priority of elevating living standards. It provides a crucial avenue for direct income generation, either supplementing existing household earnings or serving as the sole livelihood for those facing barriers to formal employment. For the 12-15% of the population living below the poverty line, even modest earnings from home-based work significantly improve daily sustenance and resilience against economic shocks. Kasanachilik offers pragmatic inclusion for low-educated and low-paid workers, who have fewer traditional WFH opportunities, by leveraging existing skills or facilitating new ones. Cumulatively, widespread kasanachilik activities stimulate local economies, increasing demand for local raw materials and services, and fostering grassroots entrepreneurship. This aligns with Uzbekistan's goal of achieving "above-average income" status and a 1.6-time increase in GDP per capita by 2026. Formalizing and scaling these activities can substantially contribute to national GDP, particularly in industrial and service sectors. The potential for value addition in traditional crafts and specialized agricultural products allows for higher profit margins. Moreover, kasanachilik can reduce regional economic disparities by creating opportunities in areas with scarce formal jobs, fostering more balanced national development and empowering households to break the cycle of poverty.

Beyond its direct economic contributions, kasanachilik plays a pivotal role in fostering social development, particularly through empowerment, inclusivity, and skill development. It is a powerful tool for women's economic empowerment, especially relevant given the 13% unemployment rate among Uzbek women. Kasanachilik offers the flexibility to generate income while managing domestic responsibilities, fostering financial independence and increased decision-making power within households. For youth, facing a 15% unemployment rate, it provides an entry point into economic activity, cultivating entrepreneurial spirit and practical skill acquisition. This can serve as a stepping stone to formal employment or business ventures. Kasanachilik inherently promotes inclusivity by offering viable economic opportunities to marginalized groups, including persons with disabilities, the elderly, and those in remote areas, thereby reducing social exclusion and enhancing dignity. Skill development is another critical dimension. Traditional kasanachilik preserves and transmits indigenous crafts and knowledge. Simultaneously, the evolving nature of home-based work necessitates new skills, from basic business management and marketing to digital competencies. The government's emphasis on vocational training, financial literacy, and entrepreneurship directly supports these enhancements, enabling practitioners to improve product quality, access broader markets, and increase earning potential. This continuous learning strengthens national human capital, aligning with goals of self-sufficiency and long-term poverty eradication.

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Despite its significant potential, the comprehensive development of kasanachilik activities in Uzbekistan faces several formidable challenges and constraints that require strategic intervention. Infrastructure limitations are primary, particularly in rural areas, where inadequate internet access restricts digital kasanachilik and modern market reach . Erratic electricity and poor transportation networks complicate material procurement and product distribution, increasing costs. Market access is another critical barrier; many home-based workers struggle to move beyond local, informal markets, limiting scale and fair pricing. This often leads to exploitation by intermediaries who may offer unfair wages. Access to finance is pervasive; informal practitioners often lack collateral, hindering access to microcredit or loans for equipment and expansion. The informal nature of much kasanachilik also means a lack of social protection, leaving workers vulnerable to illness or economic downturns. Informality further limits access to government support and formal market linkages. Maintaining consistent quality and standardization across dispersed units is challenging, undermining brand reputation and export potential. The blurring of work and home life can lead to issues of overwork, isolation, and mental health challenges if adequate support networks are absent . Finally, complex regulatory hurdles, including registration processes and taxation requirements designed for formal businesses, can deter small-scale home-based entrepreneurs from formalizing, perpetuating their informal status. Addressing these multifaceted constraints is paramount for transforming kasanachilik into a robust engine for sustainable economic development.

To unlock the full potential of kasanachilik, a comprehensive and integrated policy framework, supported by robust mechanisms, is indispensable. Building upon Uzbekistan's existing commitment to poverty reduction and economic empowerment, policy interventions must focus on formalization, infrastructure development, financial inclusion, and market integration. Legal and regulatory reforms are crucial to simplify the registration process for home-based workers, offering clear pathways to formalization that provide access to social protection schemes, such as health insurance and pension contributions, without imposing undue bureaucratic burdens. This could involve creating a specific legal status for "home-based entrepreneur" with tailored tax regimes and simplified reporting requirements. Concurrently, significant investment in infrastructure development is essential. Expanding reliable internet access, particularly in rural and remote areas, is paramount to enable digital kasanachilik and facilitate market linkages for traditional home-based workers. Improved transportation logistics will reduce costs associated with raw material procurement and product distribution. Financial support mechanisms must be strengthened and made more accessible. This includes expanding microfinance programs, offering subsidized loans for equipment and working capital, and providing grants for start-up home-based businesses. Financial literacy training, as highlighted in the national strategy, should be integrated into these programs to ensure sustainable financial management. Furthermore, the government's emphasis on vocational training and entrepreneurship can be directly leveraged to enhance the skills of kasanachilik practitioners. Tailored training programs focusing on product design, quality control, marketing, and e-commerce platforms are vital to improve competitiveness and market reach. Establishing direct market linkages, both domestic and international, is critical. This could involve creating online marketplaces specifically for Uzbek kasanachilik products, facilitating participation in trade fairs, and establishing partnerships with larger retailers or export companies. The mahalla system, as a unique local governance structure in Uzbekistan, can play a pivotal role in identifying, organizing, and supporting home-based workers, acting as a conduit for information, training, and access to resources. Encouraging the formation of cooperatives among kasanachilik practitioners can enhance their bargaining power, facilitate bulk purchasing of materials, and streamline marketing efforts. Finally, exploring hybrid models that allow successful home-based workers to transition into small workshops or collective production centers,

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while retaining the flexibility of home-based work, can provide a scalable pathway for growth and job creation, contributing directly to the national goals of increased industrial output and economic diversification.

The future prospects for kasanachilik in Uzbekistan are promising, contingent on its strategic integration into the broader national development agenda, particularly given the country's ambitious goals for economic growth, poverty reduction, and digital transformation. As global supply chains increasingly seek diversified and resilient production models, and as consumer demand for unique, handcrafted, and ethically produced goods grows, kasanachilik is uniquely positioned to capitalize on these trends. The ongoing digital transformation, despite current infrastructure limitations, presents a significant opportunity for home-based workers to access wider markets, enhance productivity through digital tools, and engage in higher-value services. Strategic recommendations for realizing this potential include, firstly, the establishment of a dedicated national agency or a specialized department within an existing ministry, focused solely on the development and formalization of kasanachilik. This body would be responsible for policy coordination, data collection, impact assessment, and the implementation of targeted support programs. Secondly, a robust national digital platform for kasanachilik products and services should be developed. This platform would not only serve as an e-commerce marketplace but also as a hub for skill development resources, market intelligence, and access to financial services, thereby overcoming geographical barriers and connecting home-based workers directly with consumers and businesses globally. Thirdly, fostering public-private partnerships is crucial. Collaborations with large enterprises can create subcontracting opportunities, ensuring a steady demand for home-based production, while partnerships with financial institutions can facilitate tailored microfinance solutions. Fourthly, investing in "kasanachilik hubs" or community resource centers, particularly in rural areas, could provide shared access to equipment, internet connectivity, training facilities, and mentorship, mitigating the isolation and infrastructure constraints faced by individual workers. These hubs could also serve as quality control points and collection centers for products. Fifthly, a strong emphasis on brand development and quality assurance for Uzbek kasanachilik products is necessary to enhance their competitiveness in international markets. This includes developing national quality standards, promoting unique cultural narratives, and supporting certification processes. Finally, continuous research and monitoring are essential to understand the evolving needs of home-based workers, assess the effectiveness of policy interventions, and adapt strategies to emerging challenges and opportunities. By embracing these strategic recommendations, Uzbekistan can transform kasanachilik from a largely informal, often overlooked, economic activity into a dynamic, formalized, and inclusive sector that significantly contributes to household income growth, poverty eradication, and the nation's sustainable development objectives, ultimately fostering a more resilient and equitable economy.

Conclusion. Kasanachilik is undeniably vital for increasing household incomes and reducing poverty in Uzbekistan, offering inclusive economic opportunities, particularly for women and youth. While facing significant challenges like infrastructure limitations and market access, its strategic development is paramount. Through formalization, digital integration, and robust policy support, kasanachilik can be transformed into a dynamic, formalized sector, significantly contributing to national development goals and fostering a more equitable and resilient economy.

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