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BASHKIRS ETHNIC ENTREPRENEURSHIP AND ITS ROLE IN BASHKORTOSTAN RURAL TERRITORIES SUSTAINABLE DEVELOPMENT

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Abstract

This article actualizes the need to develop industrial and consumer cooperation in the field of ethnic entrepreneurship of the Bashkirs on the example of rural territories of the Republic of Bashkortostan. The authors of the article consider the development of small business in the field of ethnic economy, the formation of a network of ethnic cooperatives in rural areas as key factors to increase the sustainability of socio-economic development of rural areas, reduce unemployment and improve living standards of the villagers, primarily the Bashkirs, the indigenous population of the Republic of Bashkortostan. Empirical, theoretical, quantitative and qualitative research methods are used by means of dynamic and monographic approaches, as well as other research methods. For the effective development of ethnic business sectors and the formation of local ethnic clusters on a cooperative basis for the production of certain types of ethnic products and services, it is currently relevant to comprehensively regulate ethnic entrepreneurial activity in depressed areas on a state, regional, and municipal levels.

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1. Introduction

Transformation processes in the Russian economy in 1990-2000s led to a significant differentiation of the country's territories in terms of socio-economic development, social tension growth, expansion of instability and poverty areas, and the emergence of depressed areas in the regions of the Russian Federation. A particularly difficult situation has developed in rural areas. As noted at the Russian Village Forum 2017, the share of rural residents in the total population of the country is 26%, but in rural settlements there are 34% of the Russian unemployed and 38% of the poor.

A similar situation is developing in the certain entities of the Russian Federation. So, even in the Republic of Bashkortostan, one of the most developed regions, there is a strong differentiation in the municipalities development level. The most developed of 54 municipalities are Ufa, Salavat, Sterlitamak. But the rural southeastern districts (Baymak, Khaybullinsky, Burzyansky, Zianchurinsky, Zilairsky, Abzelilovsky, Uchalinsky), where mainly the indigenous Bashkirs lives, have been characterized as depressed for many years. Almost all of them have similar problems of socio-economic development: monostructural economy, declining output, agricultural sector crisis, collapse of key enterprises, poor development of small and medium enterprises, processing industries, high unemployment rate and massive outflow of labor force to cities.

The strong differentiation of rural areas is mainly due to their basic resource potentials, economic and geographical location, natural and climatic conditions, transport infrastructure quality, distances to the nearest cities as the main markets for agricultural products, the level of rational use of available resources, poor development and implementation of regional and municipal social and economic development programs. The modern objective reasons for the differentiation of rural areas are largely associated with a drop in production potential, destruction of the material and technical base of the agro-industrial complex in 1990-2000s due to unsystematic reform of the rural economy, disparity in prices for agricultural and industrial products, rise in prices for energy resources, fuels and lubricants, mineral fertilizers; strong competition from imports; poor development of diversification, vertical and horizontal integration, processing industries and industrial infrastructure of the agro-industrial complex, non-agricultural activities (recreation, tourism), small and medium enterprises, industrial and consumer cooperation; underdeveloped social infrastructure, poor availability of professional educational services, health and culture services for rural people.

2. Problem Statement

Crisis in rural economy and high unemployment rate have not only negative economic but also social and moral consequences. In rural areas there is an increase in crime rate, the number of suicides, professional and social degradation of the population, an outflow of qualified personnel in cities, an increase in incidence rate and a decrease in birth rate.

3. Research Questions

The study the issues related to determining the functional role, scale and dynamics of ethnic entrepreneurship in the village economy of the Republic of Bashkortostan.

4. Purpose of the Study

To explore issues related to the importance of ethnic business development in the socio-economic development of rural areas of the Republic of Bashkortostan.

5. Research Methods

Empirical, theoretical, quantitative and qualitative research methods are used by means of dynamic and monographic approaches and other research methods.

According to the 2010 All-Russian Population Census of the Republic of Bashkortostan, there are 160 nationalities including Russians – 36.1%, Bashkirs – 29.5%, Tatars – 25.4%, Chuvash – 2.7%, Mari – 2.6%, Ukrainians – 1%, and other nationalities – 2.7% (Asylguzhin & Gumerova, 2010).

One of the main problems of all modern ethnic groups is a need to preserve their identity expressed primarily in language, culture, customs, and traditions. In case of the Republic of Bashkortostan, it is primarily the indigenous Bashkirs.

Currently, the number of the Bashkir population living in the republic differs. The region of Bashkortostan where the Bashkirs make up the vast majority of the population is the southeastern ones, which though have been classified as depressed and subsidized for years.

This is mainly due to the massive bankruptcy of agricultural and industrial enterprises in 1990-2000s and a sharp decline in the number of jobs. Economic problems have exacerbated many social problems. The situation in the rural areas can be described as critical: high crime and incidence rate, growing number of suicides, a massive outflow of labor force, including young people, to cities and other regions of Russia in search of good salary and self-realization.

Due to optimization trend, schools, cultural houses are closed; national customs and traditions, folk crafts and trades, technologies of production of unique ethnic (national) products are forgotten.

Leaving their native land and migrating from the village to the city, young Bashkirs settle in different ways. Someone begins to work full-time, someone works seasonally or on a rotational basis. Someone manages to solve the housing problem and stays in the city, while someone always has to rent apartments up to retirement planning to return to their native villages to old age.

If previously, at the time of the administrative-command economy, the majority of the Bashkirs that migrated to the city, including due to the recruitment after graduating from universities and secondary colleges, were nevertheless happily accommodated because of the free housing, now, however, become homeless and alcoholics wandering in the streets and gateway; someone embarks on a criminal path. Urban life with a high competition in the labor market, appealing urban lifestyle (cafés, bars, restaurants, discos, prostitution, etc.) often greatly undermines the health of both young Bashkir men and women. This is one of the main reasons for decrease in life expectancy and the birth rate, growth in mortality and suicides. All this to some extent threatens the preservation of the Bashkir people as an ethnic group.

Undoubtedly, not only poverty, lack of financial resources due to lack of jobs in rural areas makes people migrate to cities and northern regions of Russia. One more reason is also the lack or low quality of industrial and non-industrial infrastructure (transport highways, gas and water supply, hospitals, kindergartens, schools, scientific, educational and cultural institutions).

Therefore, at present, both at the federal, and regional and local levels, certain efforts are made to comprehensively develop the social and economic infrastructure of rural depressed areas and bring the rural economy out of the crisis. So, in the Republic of Bashkortostan in 2010-2011 the Institute of Socioeconomic Studies of the Ufa Federal Research Center of the Russian Academy of Sciences together with the authors of this article developed the “Medium-term comprehensive program for the Trans-Urals economic development for 2011-2015” (2011) which provided a comprehensive analysis of the situation in the southeastern districts and cities of the region (Baymak, Zilair, Khaybullinsky, Abzelilovsky, Zianchurinsky, Uchalinsky districts and the cities of Sibai, Baymak, Uchaly) and the consecutive measures to bring their economy to stable and sustainable development.

However, despite seemingly good intentions, much of what was scheduled for 2015 were not implemented due to many reasons both objective (insufficient funding of programs from the federal budget, non-budgetary sources; misuse and/or inefficient use of budget funds; crisis in some sectors of the Russian economy) and subjective reasons (lack of project management experience among the heads of districts and enterprises; inefficient agricultural management; insufficient participation of the local population in entrepreneurship, etc.).

Moreover, the problem of unemployment and outflow of young people to other cities and regions is still one of the major. Therefore, in August 2015, it was decided to finish the program mentioned above and extend it for another 5 years until 2020.

It seems to us that in the new annual release of this and other rural development programs, one of the promising areas for solving the socio-economic problems of the south-eastern regions of Bashkortostan should be the revival of various areas of population employment in the field of ethnic entrepreneurship.

In the field of ethnic economy and ethnic entrepreneurship, the most interesting scientific papers and monographs are those of Dongak (2016), Ovchinnikov and Kolesnikov (2006), Tambiev (2000), Uzdenova (2005), Viser (2008). In the Republic of Bashkortostan ethnic economic issues were considered in works by Fayzullin and Fayzullin (2014), Isyanbayev, Gataullin, and Akhmetov (2016). Ethnic economic issues are becoming relevant due to the strengthened international trade, economic and cultural ties, increased tourist flows between countries. Ethnic aspect is becoming necessary in the competition between enterprises, regions, cities, and villages in attracting tourists, investors, and it is an instrument of territorial marketing and branding (Akhmetov, Matinov, & Antilia, 2015).

However, it is still not well developed in organizational and economic terms including in relation to the conditions of specific territories, as well as the Republic of Bashkortostan.

Although even in the pre-war period, in almost all economic subdistricts of Bashkortostan there were a large number of ethnic business enterprises producing various consumer goods. So, there were about 54212 enterprises of small and handicraft industry in the districts and cities of Bashkortostan in 1928-1929. They employed 74200 people of the labor force of the republic. Main activities were pottery, cooperage, blacksmithing, metalwork, sawing, carpentry and furniture production, soap-making, basketry, making of wicker shoes, carts, sledges, etc. (Isyanbayev et al., 2016).

However, if earlier craftsmanship, cottage industry, home weaving, carpet manufacturing, lace-making, carpentry, pottery, blade- and locksmithing, art crafts, and other types of activities brought a significant income for the population, now only a few entrepreneurs, villagers, and citizens are involved in

these spheres. For example, in the Bashkir Trans-Urals and outside it, there are only a few best known ethnic business entrepreneurs, e.g. OOO National Crafts Centre “Baymak”, and a number of stone carvers in Sibay, e.g. OOO “Zauralsky Kamnerez”, Sibay branch of OAO “Bashkirgeologiya”, Individual Entrepreneur D.A. Devyatov, art workshop “Sibayskaya Yashma”, OOO “Karo”.

At present, the Bashkir entrepreneurship can be quiet profitable and help to both solve the housing problem of young businessmen themselves in cities and villages (there are such examples already) and connect the economy of the city and village maintaining the traditional family ties between urban and rural Bashkirs. In a situation of proper organization of ethnic business, the ever-growing demand from citizens for quite expensive ethnic products, Halal products as eco-friendly (and influence of modern fashion for a healthy lifestyle and proper nutrition) can be quickly satisfied with the corresponding supply from villagers. This will be the basis for new jobs and increasing incomes in rural areas, replenishing local budgets and, therefore, will give certain guarantees that a particular part of the labor force will not leave the village massively due to an improvement in the quality of life.

A new market basis and the development of various areas of ethnic entrepreneurship in cities and villages along with other activities in this sphere (Fayzullin & Fayzullin, 2014) will contribute to a better implementation of the ethno-national potential of the Bashkir people.

In addition to the production of ethnic products, unique and traditional to the Bashkirs (koumiss, boza, talcan, kashk, qyzyl eremsek, Bashkir honey, qazi, tulyrma, etc.), ethnic entrepreneurship may include the development and popularization of ethnic tourism (organization of ethnic tours), ethnic music (qurai, qubyz, throat singing, ethnic rock, etc.), ethnic styles and ethnic designs (Muslim fashion, clothing, furniture, interior in the ethnic style), national crafts and production of handicrafts, ethno-souvenirs, ethnic musical instruments; ethnosports (belts wrestling, traditional archery, horse racing); ethnic villages, ethnic cafés and restaurants, ethnic centers and cinemas, etc.

The growing demand in recent years in Russia and in the world for eco-friendly products, the popularity of ethnic tourism, ethnic cafes and restaurants, handicrafts in the national style, ethnic fashion, design and music indicate great prospects for rural ethnic business in the multinational Republic of Bashkortostan. In addition, the huge ethnic economic potential of the region characterized with the large areas of agricultural land, primary unique nature, sufficient labor resources, preservation of many technologies and traditions of production of unique national products and services characteristic of ethnic groups living in the region gives considerable competitive advantages in the agrarian ethnic business. So, the land resources of the Republic of Bashkortostan by January 1, 2016 amounted to 14294.7 thousand ha including lands for agricultural purposes – 7319.6 thousand ha (51.2%) of which agricultural lands made up 6664.6 thousand ha (91.1%), arable lands – 3463.9 thousand ha. 38.2% of the population of the republic lives in rural areas, 15.1% of the working-age population works in agriculture (On the state of rural areas in the Russian Federation in 2015, 2017).

As it seems to us, the following is considered as the priority and most promising modern directions from the whole variety of ethnic entrepreneurship areas: agricultural products processing, production of unique ethnic products (kashk, talkan, boza, qatiq, qazi, etc.), national crafts and handicrafts, industrial goods and services of mass demand; collection and processing of wild plants including medicinal and their

fruits; rural and ethnic tourism; fish farming and fishing, fur-farming; beekeeping and honey hunting; horse breeding and koumiss-making.

In our opinion, in the southeastern regions of the Republic of Bashkortostan where the traditions and customs of the Bashkir indigenous population are best preserved including in the production of ethnic products, the ethnic entrepreneurship in the following sectors is most promising (see table 1).

Table 01. Prospects for ethnic businesses cooperation and clustering in the south- and north-eastern regions of the Republic of Bashkortostan

| Cities and municipal districts | The main promising sectors of ethnic business. Promising ethnic brands |
|--------------------------------|--|
| Abzelilovsky district | Ethnographic tourism, rural tourism Health tourism (promising brands “Yaktykul”, “Bannoe”, “Abzakovo”, “Legends of the Urals”) Production of eco-friendly (eco-) products Dairy and beef cattle breeding Horse breeding and koumiss-making (“Abzelilovsky koumiss”) Fish farming, poultry farming National crafts and handicrafts (felting, production of felt boots, knitting and down feather knitting, weaving, marble processing, patchwork, manufacturing of traditional gift garments) Event tourism (Felt Manufacturers Festival) Collection, harvesting and processing of nature’s gifts (mushrooms, berries, medicinal plants, etc.) |
| Baymak district | Grain-growing (“Grain Factory”) Seed production (durum wheat) Horse breeding and koumiss-making, deep processing of grain, meat, milk, Sheep breeding, fish farming, beekeeping, poultry farming Production of eco-products (“Baymakskiye”) Logging and timber processing, coal production National crafts and handicrafts (felting, patterned felt boots production, patchwork, embroidery, horsehair products, down feather knitting, pattern knitting, traditional garment manufacturing, woodworking) Ethnographic tourism (“Buranbai”, “Talkas”, “Irandyk”, “Gadelsha”, “Temyas” ethnic villages) Rural tourism Event tourism (“Youth Sabantuy”, “Horse Biathlon”) Ethnic music (folk songs, dances, throat singing, kuraj) Collection, harvesting and processing of nature’s gifts (mushrooms, berries, medicinal plants, etc.) |
| Cities of Sibay and Baymak | Grain, meat and milk processing National crafts and handicrafts (stone curving, stone craft (“Sibayskaya Yashma”), jewelry production) Event tourism (contests for koumiss-makers, narrators, sesens, “Beauty of the Trans-Urals”, “Irandyk Batyrs”) Sewing national clothes, clothes in the Ethnic style, production of ethnic souvenirs (Revival of the national crafts centre “Baymak”) Ethnic music (folk songs, dances, throat singing, kuraj, kubyz, kyl-kubyz) |
| Burzyansky district | Ethnographic tourism (“Shulgan-Tash” – “Kapova Cave”, “Ural-Batyr”, “Legends of the Urals”) Rural tourism (“Kapovatur”) Event tourism (“Honey Festival”) Honey hunting (“Burzyanskaya pchela”) Beekeeping (“Burzyanochka”) Logging and timber processing, coal production National crafts and handicrafts (woodworking, pattern knitting, production of wood and birch bark) |

| | |
|-----------------------------|--|
| | Collection, harvesting and processing of nature’s gifts (mushrooms, berries, medicinal plants, etc.) |
| Zianchurinsky district | Production of eco-products (sheep breeding) Tourist and recreation cluster (rural and ethnic tourism) National crafts and handicrafts (carpet weaving, patterned weaving, pottery, wickerwork, woodworking, production of garments in patchwork, woodworking, felting, weaving, manufacture of tambour embroidery and leather products, down feather knitting (“Zianchurinsky shawls”) Ethnic music (Festival of the Bashkir bard song “Kosh Yuly”) |
| Zilairsky district | Production of eco-products (horse breeding and koumiss-making (“Zilairsky koumiss”), dairy and meat cattle breeding, vegetable growing) Deep wood processing, production of natural wood furniture, coal production Rural and ethnic tourism National crafts and handicrafts (knitting, woodworking, patchwork, weaving, wickerwork) Collection, harvesting and processing of nature’s gifts (mushrooms, berries, medicinal plants, etc.) |
| Uchaly, Uchalinsky district | Dairy and beef cattle breeding, meat and milk processing Ethnographic tourism, rural tourism National crafts and handicrafts (ethnic souvenirs production, stone carving, stone craft (“Uchalinsky Yashma”), jewelry production) Horse breeding and koumiss-making (“Uchalinsky type of the Bashkir horse breed”, “Uchalinsky koumiss”) Woodworking, coal production Ethnic music (folk songs, dances, throat singing, kuraj, kubyz, kyl-kubyz) |
| Khaybullinsky district | Ethnographic tourism, rural tourism Event tourism (Kuraists Contest named after Ishmulla Dilmukhametov) Grain-growing – seed cluster, grain processing, horse breeding and koumiss-making, meat and milk processing, fish farming Ethnic music (kuray, Bashkir ethnic rock – “Dervish”) Collection, harvesting and processing of nature’s gifts (mushrooms, berries, medicinal plants, etc.) |

It seems to us that some branches of ethnic economy are quiet promising for the development of industrial and consumer cooperation and ethnic clusters formation. And many ethnic products and services need legislative protection in the form of patents, trademarks (brands), licenses.

Ethnic business cooperation would help strengthen production and economic ties between entrepreneurs, and patenting, licensing and branding would increase the recognition of Bashkortostan products and services, emphasize its uniqueness and competitive advantages, and would protect local manufacturers from unfair competition.

Agro-industrial ethnic clusters in the field of horse breeding and koumiss-making, production and processing of meat, milk, grain; sheep breeding, beekeeping, vegetables growing, etc. can focus on promoting eco-friendly unique local ethnic products (kashk, talkan, koumiss, boza, Bashkir honey, qazi, etc.) both at the national and international levels. Despite the certain costs of eco-certification, this is quite justified due to the huge potential of the eco-friendly product market in Russia and in the world because of the increasingly popular fashion for a healthy lifestyle and healthy diet (Akhmetov et al., 2015).

What is also promising is the organization of ethnic clusters of national crafts and handicrafts specializing in the production of ethnic souvenirs, felting, felt boots production, knitting and down feather knitting, carpet weaving, woodworking, wood processing, manufacture of wood and birch bark products, pottery, wickerwork, manufacture of garments in patchwork, tambour embroidery and leather products;

stone craft, jewelry production, etc.). These clusters can well complement other ones, for example, tourist-recreational and timber processing.

Bashkortostan has great potential not only in the production of unique national products but also in the development of ethnographic tourism, a network of ethnic cafés and ethno-restaurants.

To develop ethnographic tourism in the southeast and north-eastern regions of the Republic of Bashkortostan it is necessary to promote event tourism: to hold large-scale Bashkir Sabantuy, national-style weddings, various Bashkir ceremonies, festivals for koumiss-makers, beekeepers, etc. This will help tourists to better understand the local population's culture, traditions, and lifestyle. Ethnic tourism is also considered as one of the least expensive (in comparison with other types of tourism) types of rural tourism). In rural areas, it is promising to organize a complex of ethnographic (ethnic) villages, to use houses of local residents, historical buildings as living decorations for events based on elements of folk culture and everyday life.

The cooperative basis for the ethnic business clustering as judged by foreign and domestic experience is, in contrast to the corporate one, cheaper and better organizational form. Cooperation contributes to institutional self-organization of rural communities. Taking into account the peculiarities of rural population's mindset, the organizers of the active cooperative movement should be local authorities, scientific and educational institutions of the region. As shown by the experience of collective farms in the USSR, an imposed adoption of certain organizational and legal forms of enterprises does not give the expected results. Therefore, the formation of various cooperatives in rural areas should be initiated by agricultural producers themselves and citizens. For this, with the involvement of the resources of scientific and educational institutions and public organizations, it is necessary to have greater public outreach activity on the ground (public lectures, articles in the local press, broadcasts on television and radio, brochures and booklets) about the history and experience of the cooperative movement, a cooperation role in improving the quality of life of rural resident (Akhmetov, 2017).

Joining together, local (primary) cooperatives can form local industrial cooperative unions, which, in turn, will be the basis for zonal and regional associations, unions of cooperatives created at the level of administrative regions or the region as a whole. Regional associations, in turn, may be the part of the national cooperative unions at the level of the Russian Federation. In the Republic of Bashkortostan, regional associations can form a republican union of cooperatives (industry, sales, or general ones) – the Union of Cooperatives of the Republic of Bashkortostan, which is the part of the federal association of cooperatives.

A network of cooperatives will solve one of the burning problems – the problem of selling products of both direct agricultural producers and processing enterprises. A large wholesaler has considerable advantages in the market as they can form large and sorted batches of products, pack, package and store them, as well as have its own unique brand and carry out an advertising policy for its promotion. Cooperative unions will be able to adequately compete and cooperate for a mutual benefit with large agricultural holdings, retail chains, both in other regions of the Russian Federation and in countries near and far abroad.

As practice shows, a good complement for the system of consumer and industrial agricultural cooperation can be a system of agrarian franchising. Small batches of eco-friendly products, not always

certified though, are generally not attractive to large trading and purchasing and processing enterprises. With the development of agricultural franchising and a new approach to marketing products, businessmen have great opportunities. Cooperating under the same brands as franchise networks, farmers solve many problems: they centralize the product supply, share logistic costs, find regular customers and pursue a unified marketing and advertising policy. That means that agro-franchising can help the cooperative movement in rural areas to develop forming cooperative networks at a qualitatively higher level than traditional agricultural cooperation (Isyanbayev et al., 2016).

At present, unlike other constituent entities of the Russian Federation (Perm, Krasnodar Territories; Rostov, Tomsk, Volgograd, Saratov, Tyumen, Yaroslavl Regions; Chuvashia, Karelia, Mari El), cooperation in the Republic of Bashkortostan is not yet effectively developing due to the insufficient study of its scientific and methodological basis in relation to the conditions of specific territories.

6. Findings

The results of the studies showed that now it is necessary to pay closer attention to short-term courses in various fields of ethnic business on the basis of scientific and educational institutions of the Republic of Bashkortostan which contribute to the development of entrepreneurial and financial literacy of the Bashkir population: organizing small businesses basics, business planning, beekeeping, gardening, ethnic products (koumiss, kashk, qazi, boza, Bashkir honey, etc.) production and sale technologies, rural and ethnographic tourism basics, organization of cooperatives (sales, credit, service, production ones, etc.), national crafts and handicrafts production (felted, manufacture of wood products, jasper souvenirs, carpet weaving, etc.). Training courses will contribute not only to the employment growth but also to the preservation and revival of the disappearing traditions of handicrafts and crafts production and the Bashkir national products producing skills.

7. Conclusion

Thus, for the effective development of ethnic business sectors and the formation of local ethnic clusters on a cooperative basis for the production of certain types of ethnic products and services, it is currently relevant to comprehensively regulate ethnic entrepreneurial activity in depressed areas on a state, regional, and municipal levels. This requires a complex of the following measures:

- to identify the main problems and priority directions for the development of ethnic entrepreneurship industries, taking into account the conditions of specific regions and cities including sociological and online surveys of the local population, peasant (farmer) households, business leaders and municipal officials;
- to develop standard business plans for ethnic and entrepreneurship entities specially made for the conditions of specific territories and settlements;
- to consider the opportunities for ethnic entrepreneurship entities cooperation (ethnic production and consumer cooperation) and promotion of their products under one brands, including through common platforms on the Internet in ethnic stores.

Only a developed economy of the village, population income growth will contribute to full use of the whole diversity of ethno-national potential of both the Bashkir and other nationalities of Bashkortostan.

Therefore, it is advisable for the State Committee for Entrepreneurship and Tourism of the Republic of Bashkortostan, Small Business Development and Support Fund to take separate measures to support ethnic entrepreneurship in all program papers.

In regional and municipal programs to support small and medium businesses, it is also necessary to prioritize, first of all, ethnic entrepreneurship sectors, since they are genetically closer to the local indigenous Bashkirs. It is also advisable to develop separate programs for ethnic business development in specific sub-regions, districts, cities, and villages of the Republic of Bashkortostan.

As a result of the above systemic measures to cluster countryside ethnic economy, it is necessary to establish a stable regional cooperative system in the field of ethnic economy contributing to diversification, improvement of the sectoral and territorial structure of the economy of depressed rural areas of the Republic of Bashkortostan, taking them out of the crisis onto the path of stable and sustainable development, finding more effective solution to the problems of increasing employment and quality of life of the indigenous Bashkirs.

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