



The Role of Handicraft Sector in Economic Development: A Case Study of Nangarhar, Afghanistan

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ABSTRACT

Handicraft sectors play an important role in the economic development of the country by creating job opportunities and preserving traditional skills. This sector plays a significant role in creating household income and promotes local economic growth. The main aim of this study is to find out the role of the handicraft sector in economic development in Nangarhar province. Data for the study were collected from primary and secondary sources. Primary data was gathered from 105 participants and was analyzed using by Statistical Package for Social Science (SPSS) version 26 through regression. Cronbach's alpha of the data was 0.82. After analyzing the data results of the study showed that handicraft production and Income generated from the handicraft sector have a significant positive impact on economic development. In addition, it was also found that employment generation has a very weak and negative impact on economic development.

1. INTRODUCTION

The handicrafts sector in Afghanistan represents a vital component of the country's cultural heritage and economic landscape. Particularly in Nangarhar Province, the sector not only reflects the rich artistic traditions of the Afghan people but also serves as an important source of income and employment for many households. With a diverse range of products, including textiles, pottery, and woodwork, handicrafts embody the skills and creativity of local artisans, contributing to both individual livelihoods and the broader community economy (Grubar, 2019a; Yang et al., 2018). The handicrafts industry is a home-based industry, which needs less expenditure, infrastructure, or training to establish (Bano, 2016). In addition, we can say that handicraft is a type of work where a useful and decorative device is made completely by hand or using only simple tools, with the individual crafter's cultural background (Abryareh 2009; De Silver and Kundu 2013). Abryareh (2009) describes it as a skill, specifically involving practical arts. Handicrafts are a vital part of Afghanistan's economy, contributing an estimated 8-10% to the country's GDP and providing employment for a large portion of the population. Historically, handicrafts have been a source of income for many families, especially in rural areas where economic opportunities are limited.

Additionally, the expansion of the handicrafts sector presents important chances for gender equality and women's empowerment, especially in rural regions. In Afghanistan, a large number of women work in this field, using their abilities to provide financial assistance for their families. The industry gives women a chance to become financially independent, be acknowledged for their contributions, and take part in family and community decision-making (Chatterjee & Roy, 2020). The handicrafts industry helps to improve social stability, promote equitable development, and reduce gender inequities by creating an inclusive economic environment.

The handicraft sector also creates employment opportunities and generates income for households and communities. Das & Singh (2019) stated that they contribute significantly to economic development by generating employment opportunities, particularly for the rural population. The handicraft sector not only provides income generation opportunities for groups that have access to resources but also offers employment opportunities for the most economically disadvantaged people (Abisuga-Oyekunle & Fillis, 2017).

The handicrafts sector plays a crucial role in the economic development of a nation. Its multifaceted contributions significantly influence the progress of countries, regions, and communities. With substantial potential to strengthen the economy, the sector serves as a key driver of foreign exchange earnings and employment generation. According to Rao (2019), the development of the handicraft sector improves foreign exchange earnings and strengthens small-scale industries in developing economies. Their promotion enhances local economies by supporting entrepreneurship and increasing exports (Patel et al., 2020).

In conclusion, the handicrafts sector is intricately linked to employment creation, income generation, and overall economic development. By providing available paths for livelihood, especially in resource-limited settings, the sector increases job opportunities and improves household incomes. This, in turn, contributes to the economic development of communities and regions, strengthening local economies and promoting self-sufficiency. The role of handicraft production, employment generation, and income generation through handicraft production highlights the sector's key role in driving sustainable economic growth, making it a vital component of development strategies in the country.

1.1. RESEARCH PROBLEM

The handicraft sector in Nangarhar province has significant potential to contribute to economic development through production, employment generation, and income generation. However, the relationship between these factors and overall economic growth in the region remains insufficiently understood. Although the sector offers opportunities for local development, there is a lack of comprehensive research on how handicraft production, employment creation, and income generation influence economic development in Nangarhar. This study aims to fill this gap by examining the impact of these variables, providing insights into the potential role of handicrafts in fostering economic growth and improving the socio-economic conditions of the province.

1.2. OBJECTIVE OF THE STUDY

- To find out the collective impact of handicraft production, employment generation, and income generation from the handicraft sector on economic development in Nangarhar province.

1.2.1 Sub objectives.

- To evaluate the influence of handicraft production on economic development.
- To evaluate the contribution of employment generation in the handicraft sector to economic development.
- To analyze the impact of income generated through the handicraft sector on economic development.

1.3. RESEARCH HYPOTHESIS

H₁: Handicraft production, employment generation, and income generation collectively have a significant positive impact on economic development.

H₂: Handicraft production has a significant positive impact on economic development.

H₃: Employment generation in the handicraft sector significantly contributes to economic development.

H₄: Income generated from the handicraft sector has a significant positive effect on economic development.

2. METHODOLOGY

A quantitative research approach was used to investigate the role of the handicraft sector in the economic development of Afghanistan, particularly in Nangarhar province.

Quantitative data collection:

- Survey Questionnaire: A structured questionnaire was developed based on the previously described sections (demographic information, handicraft production, employment generation, income generation, and economic development). This questionnaire was distributed to a diverse sample of participants, including artisans, traders, entrepreneurs, and government officials in Nangarhar province. For

measuring each variable, different structured questionnaires were distributed to participants based on a Likert scale.

- Sampling technique: A stratified random sampling technique was used to ensure representation across different roles within the handicrafts sector.
- Sample size: about 105 participants were randomly targeted to ensure the validity of the statistics.

Quantitative analysis:

The quantitative data collected from the questionnaires were analyzed using a statistical package for the social sciences (SPSS) version 26. Demographic information and responses to Likert scale questions were summarized using descriptive statistics. Inferential statistics (regression analysis) were used to examine the relationships between variables.

3. RESULTS

3.1 Descriptive statistics

Table 1: Demographic statistics of the participants

	Gender	
	Male	Female
Numbers	105	0
Percentage	100	0

Table 1 of the study showed that all participants of the study are male.

Table 2: Age of the participants

Age	Frequency	Percent	Cumulative percent
18-25	12	11.4	11.4
26-35	37	35.2	46.7
36-45	21	20.0	66.7
Above 46	35	33.3	100.0
Total	105	100.0	

Table 2 of the study shows the age distribution of the participants. It shows that 11.4 percent are between 18-25 years, 35.2 percent are between 26-35 years, 20 percent are between 36-45 years, and 33.3 percent are above 46 years.

Table 3: Years of experience in the handicraft sector

Years	Frequency	Percent	Cumulative percent
less than 1 year	6	5.7	5.7
1-5 years	18	17.1	22.9
6-10 years	23	21.9	44.8
more than 10 years	58	55.2	100.0
Total	105	100.0	

Table 3 of the study shows the experience of the participants in the handicraft sector. It shows that 5.7 percent of participants have less than 1 year of experience, 17.1% participants have 1-5 years of experience, 21.9% participants have 6-10 years, and 55.2% have more than 10 years of experience. The average years of experience is 3.27 years.

Table 4: Role of the participants in the handicraft sector

Role	Frequency	Percent	Cumulative percent
Artisan	48	45.7	45.7
Traders	39	37.1	82.9
NGO workers	12	11.4	94.3
Entrepreneur	6	5.7	100.0
Total	105	100.0	

Table 4 of the study shows the role of the participants in handicraft sectors. It shows that among all n=105 participants, 45.7% are artisans, 37.1% are traders, 11.4% participants are NGO workers, and 5.7% are entrepreneurs.

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.712	0.507	0.482	1.764

a. Predictors: (Constant), handicraft production, Employment generation, Income

Table 5 of the study shows the adjusted R-squared. The adjusted R-squared revealed that our model explains 48.2 percent of the impact on economic development. R 0.712 indicates that there is a strong positive relationship between dependent and independent variables.

Table 6: ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	240.317	3	80.106	25.689	0.000b
Residual	233.682	98	3.116		
Total	474.000	101			

a. Dependent variable: Economic Development

B. Predictors: (constant), handicraft production, Employment generation, Income.

In the above table of the study, economic development was regressed on predicting handicraft production, employment generation, and income. The table showed that overall these variables have a positive and significant impact on economic development, F (3, 98), 25.689, P 0.000 <0.001

H₁: Handicraft production, employment generation, and income generation collectively have a significant positive impact on economic development.

Hence, H₁ of the study is accepted.

Table 7: coefficient^a

Model		Unstandardized coefficients		standardized coefficients	T	sig
		B	Std. Error	B		
1	Constant	8.321	1.890		4.402	0.000
	Handicraft production	0.402	0.082	0.435	4.902	0.000
	Employment generation	-0.045	0.067	-0.052	-0.672	0.504
	Income	0.321	0.078	0.389	4.115	0.000

a. Dependent Variable: Economic Development

The table also showed that handicraft production has a strong, positive significant impact on economic development ($B=0.435$, $t=4.902$, $P=0.000 < 0.001$). It means that keeping all other variables constant, if handicraft production increases by one unit, economic development is expected to increase by 0.435 units. In addition, the t-statistic, which is 4.902, indicates that the predictor variable has a stronger impact on the dependent variable.

H₂: Handicraft production has a significant positive impact on economic development.

Hence, H₂ of the study is accepted.

The above analysis shows that employment generation has a very weak and negative impact on economic development. The unstandardized coefficient ($B=-0.045$) indicates a slight decrease in economic development with increased employment generation, but the effect is minimal. The standardized coefficient ($\beta=-0.052$) and the t-statistic ($t=-0.672$) suggest a very weak relationship. The p-value of 0.504 indicates that this relationship is not statistically significant, meaning employment generation does not have a meaningful impact on economic development in this model.

The weak impact may be attributed to the low quality of jobs in the handicraft sector, characterized by informality and low wages. Informal jobs often lack stability and benefits, limiting workers' economic security and purchasing power. These factors reduce the sector's ability to drive meaningful economic development. These findings align with previous research highlighting the limited impact of informal and low-wage employment on broader economic growth, suggesting that employment generation alone, without improvements in job quality and wages, does not significantly contribute to economic development.

H₃: Employment generation in the handicraft sector significantly contributes to economic development.

Hence, H₃ of the study is rejected.

The above table also shows that Income generated by handicrafts has a positive and statistically significant impact on economic development. The unstandardized coefficient

($B=0.321$) indicates that an increase in income leads to a moderate increase in economic development. The standardized coefficient ($\beta=0.389$) and the t-statistic ($t=4.115$) suggest a strong relationship. The p-value of 0.000 confirms that this impact is statistically significant.

H₄: Income generated from the handicraft sector has a significant positive effect on economic development.

Hence, H₄ of the study is also accepted.

4. DISCUSSIONS

The findings of this study highlight the role of the handicraft sector in promoting economic development in Nangarhar Province. The significant positive impact of handicraft production and income generation aligns with existing literature, which suggests that the handicraft industry serves as a vital source of income, employment, and local economic activity in developing regions (Rao, 2019; Patel et al., 2020). The ability of the handicraft sector to generate income not only enhances the livelihoods of artisans but also contributes to the broader local economy, providing a foundation for sustainable economic growth.

However, the finding that employment generation within the handicraft sector has a very weak and negative impact on economic development is intriguing and warrants further exploration. One possible explanation for this result could be the nature of employment in the sector. If the majority of jobs are informal or low-wage positions, they may not contribute significantly to broader economic development in the long term. Additionally, the lack of complementary factors such as skill development, adequate infrastructure, and access to markets may hinder the full potential of employment generation in the sector. It is also possible that the employment opportunities are not sufficiently diverse or high-value to stimulate significant economic advancement. Moreover, the low impact of employment generation might reflect the challenges faced by the handicraft sector in scaling up operations. While it provides important income and jobs at the micro-level, the sector may lack the capacity to absorb a larger workforce or generate more substantial economic returns without further support, such as training programs, access to global markets, or government incentives.

These findings suggest that while handicraft production and income generation can drive economic development, policymakers and stakeholders should consider strategies to enhance the quality of employment opportunities within the sector. Improving access to education and training, facilitating market linkages, promoting entrepreneurship, monitoring and evaluating sectoral impact, and promoting innovation within the sector could lead to more substantial and sustainable impacts on economic development in the region.

5. CONCLUSION

In conclusion, the study revealed that handicraft production and income generation significantly contribute to economic development in Nangarhar, while employment generation shows a weak and statistically insignificant impact. Handicraft production has a strong positive effect on economic growth, with a coefficient of 0.435, indicating that an increase in production leads to a notable rise in economic development. Similarly, income generated by the handicraft sector demonstrates a positive and significant impact, with a coefficient of 0.321, suggesting that higher income levels foster economic growth. However, employment generation, characterized by informal and low-wage jobs, does not have a meaningful effect on economic development, as indicated by the negative coefficient and statistical insignificance ($B=-0.045$, $p=0.504$). These findings highlight the need to improve job quality and wages within the handicraft sector to enhance its potential for driving sustainable economic development.

6. RECOMMENDATION OF THE STUDY

To enhance the economic impact of the handicraft sector in Nangarhar, several key recommendations should be implemented. First, the formalization of employment within the sector is crucial to improve job security and providing workers with the necessary benefits. Additionally, wage reforms should be introduced to ensure fair compensation for workers, enhancing their economic stability. Efforts should also be made to enhance handicraft production by investing in production capacity and improving product quality. Expanding market access, both locally and internationally, will help artisans reach wider audiences and increase sales. Moreover, offering training programs to improve skills and productivity can foster innovation and efficiency within the sector. Financial support,

such as subsidies and grants, should be made available to artisans and small businesses to encourage growth and sustainability. Strengthening the policy framework is essential for supporting the formalization and expansion of the handicraft sector, while promoting income diversification by encouraging the production of a variety of products and services within the sector will further drive growth. Finally, fostering public-private partnerships between the government, NGOs, and the private sector will create a collaborative environment that supports the overall development of the handicraft industry.

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