

AMERICAN UNIVERSITY OF ARMENIA

**LABOR MARKET IN ARMENIA:
THE SITUATION IN SOVIET TIMES
VERSUS THE ONE IN THE LAST DECADE**

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INTRODUCTION

Upon the dissolution of USSR the Armenian economy appeared to experience many various changes both in its structure and concepts. New concepts started, little by little, to enter everyday life and become widely accepted. The concept of a labor market may be considered one of them. The command economy of the Soviet era could not allow for such kind of notions. Shifting to the market economy created favorable conditions for their evolving. The labor market may be viewed in terms of demand and supply for labor in particular branches and with particular qualifications. As Guy Standing defines it, the labor market is based on making contracts, accounting for capabilities of person, working environment, statement on security, and norms of behavior of both parties. (1999, pp. 27 - 30)

The last decade is commonly known for hardships the country is struggling through and becomes a very interesting object for investigation. What was achieved and/or lost during this period? This question intrigues many investigators in many different spheres of life, however, the area of labor market can be considered the one of primary importance because absence of difficulty in finding jobs is known to facilitate solutions for most other problems. So, the purpose of this paper is to find out what changes are occurring in the labor market in the course of shifting from a command economy to an unplanned one; what problems are posed by these changes and how the labor market is performing in the environment of contemporary Armenia.

To gain this objective the paper will consider the following important sectors: agriculture, industry, trade&services, employment versus unemployment by labor categories, emigration and education. In explaining the dynamics in these spheres present in Soviet time versus the present, a comparison will be made of the two eras. It should be possible to answer the following questions:

1. What is the makeup of the Armenian labor market?
2. What are institutions and procedures of the Armenian labor market like?
3. Is the Armenian labor market male dominated?
4. What kinds of requirements, such as age, higher education, family status does it pose?
5. What is the role of education in the course of preparing to meet those requirements?
6. What are selection procedures employed in the current Armenia labor market?

Finding out the makeup of the labor market may be considered an important issue to pay attention to, as it may be expected to facilitate policy-making processes. Policy making in the area of employment is very important because there is a high necessity for a legal base in this as well as in other spheres of current life in Armenia. (*Human Development Report: Armenia, 2000*, pp. 62 - 66)

There should be some mechanisms for controlling and attempting to make labor market work more efficient related to one or the other authority. As *Human Development Report* states "the state has entirely alienated itself from the process of regulation of the labor market"(1999, p. 57), it is interesting to find out if there are any institutions in charge of this function.

Male versus female distribution of workers may be regarded as a crucial factor, as the equilibrium in this distribution may be viewed as leading to people's satisfaction not only with their economic rights' realization but also with realization of their social standing. (*Discrimination of women in labor, 2000*, pp. 54 - 60)

It seems to be interesting to find out the requirements posed by the labor market in Armenia. What matters while getting employment: age, education, family status or something else? Answering this question may help to understand stratification of society in regard to employment, which, in its turn, may facilitate stresses that are faced by the population.

It is also important to find out the correlation between the level of education and employment. As, traditionally, not only education matters while obtaining employment but also private relationships, this question becomes crucial in contemporary Armenia.

The last issue is connected with selection procedures employed while selecting candidates for a particular position; for example, transparency and personal connections.

Research questions to be considered are as follows:

1. What is the effect of moving from a command economy to a market economy on the labor market?
2. Considering the supply and demand for labor how has the labor market reacted?
3. What changes are occurring in the composition of the labor market?

Thus, this work is to dwell on the very important sphere of life trying to fully depict the situation prior to declaring independence of Armenia and contrasting it with the post independence period.

LITERATURE REVIEW

Guy Standing in *Global Labor Flexibility* states that the labor market is based on making contracts, which may be explicit and implicit. The contract tries to dwell on capabilities of person, working environment, statement on security, and norms of behaviour of both parties. He also points out the requirements posed by the Principal-agent model: the participation constraint – agent must be motivated and interested and the incentive compatibility constraint = agent should act so that the optimum outcomes are generated. For this model to be efficient such factors as trust, reciprocity, control, status, skills, clarity of intentions, discipline, interaction-socialization processes are very important.

Eli Djedah in *Moving Up* indicates that the world labor market is usually divided into published and unpublished sectors, which cover 20 and 80 per cents respectively.

Arthur Sarkissian in *Labor Market in Republic of Armenia* states “the labor market of Armenia is characterized by “inflation” which is expressed not only in the low cost of work force but also by the low level of qualification of the latter”¹ (citation). He also remarks that with the decreasing of the regulatory role of government in the course of workers’ interests’ protection, the role of the public organizations did not increase.

In *Human Development Report (Armenia) 1999*, regarding the role of the state it is pointed out that in recent years “the state has entirely alienated itself from the process of regulation and programming, from the protection of domestic producers, from investments in industry and long term loans.” What concerns its role in the agriculture, it is said that land privatisation resulted in the State confining its role to the adoption of some normative legislation and insufficient rehabilitation of infrastructures and sporadic provision of fertilizers and seeds.

¹ It seems that the author puts the word “inflation” here to indicate the extraordinarily unstable and unexplainable situation which is present at current Armenian labor market.

As the *World fact book: Armenia* (www.cis.gov/cia/publications/factbook/geos/am.html) points out, Armenia has switched to small-scale agriculture and away from the large agro-industrial complexes of the Soviet era. By 1994 the Armenian government launched an ambitious IMF-sponsored economic program that resulted in positive growth rates in 1995 – 2000. This site also dwells on the trade imbalance existing in contemporary Armenia and points out that this severe imbalance – importing 3 times what it exports – has been somewhat offset by international aid, domestic restructuring of the economy, and foreign direct investment.

The <http://www.eriery.com/freedata/hrcodes/ARMENIA.htm> Internet site, launched by Armenia - Report of Human Rights Practices, 2000, U.S. Department of State, tells that the majority of enterprises are either idle or operating at a fraction of their capacity. It also points out that the standard legal workweek is 40 hours and many people work multiple jobs. Also it indicates that although the Armenian Constitution provides for a clean and safe work place, the Soviet era occupational and safety standards remain in force, i.e. very little change has occurred since.

In *Human Development Report (Armenia) 2000* it is stated that at least 800,000 persons left the country over the period of 1991 – 1999 because of not being able to realize their economic and social rights and encountering psychological problems of adapting to the changing circumstances.

Mariam Ohanian in *Discrimination of Women in Employment* found that among people with higher education women constitute 51%, however 64.9% of the unemployed are also women. She also explains the Armenian system of employment - “the majority of the people work with their relatives, close friends or just friends and they will never apply to a stranger for work because they are convinced that the employer will choose first of all a friend”.

Astghik Mirzakhanian in Labor Market in Armenia presents her findings regarding the changing of emphasis in regard to various fields of the economy. Particularly, she says, “Increase in employment in agriculture sector has negative effects on the dynamics of GDP. At the same time a fairly strong and positive interrelation has been observed between the dynamics of GDP and employment in the tertiary sector. The influence of the industrial sector in the observed period was weak but positive.” She also says that although the unemployment notion was not accepted during the Soviet era – came into usage in 1992, Armenia already in the 70’s used to rank among the major countries by the share of “employed” in home gardens and housekeeping. A. Mirzakhanian points out that though Armenia has a legally established minimum wage, there is nothing regarding a minimum consumer budget. Thus, this seems to mean that Armenia supposedly may not meet the usual for the world requirement that “the wages should not be less than the monetary equivalent of consumer basket” at least in the near future. A. Mirzakhanian also states that wages present the main mechanism for regulating the parameters of the labor market (demand and supply). What concerns the measuring of demand and supply on the labor market, it is performed by the help of two indicators: “1) the number of unemployed, registered with employment services in search of employment and 2) the demand for employees presented to employment services by enterprises (see Appendix 1). As it is estimated for current Armenia the supply exceeds the demand by 200 – 300 times.

In one of the works presented at <http://www.nispa.sk/news/groups.html> internet site Teresa Khechoyan dwells on the Armenian situation. She makes the following statements: employment has been reduced in the public sector and significantly increased in the private one; creation of

new jobs may require huge investments which may bring deterioration to the economy ² and the average salary and pensions do not satisfy even minimum needs of the population. What concerns the common ways of finding a job, she states that 51.8% apply to private relationship channels, 39% seek a job through vacancy announcements, and only 7.2% - through the Employment Center – State Agency concerned with employment versus unemployment center..

METHODOLOGY:

Content analysis of related documents and laws is to be fulfilled in the course of this work. Also it is to be based on the data taken from *Human Development Reports* for the latest years, sociological investigations on the theme, Armenian journal *Petakan Tsarajogh* and from the interviews with sociologists. Other professional literature on the theme is also to be used, for example R. W. Mondy et al, *Human Resource Management*, Prentice Hall, 1996.

² By word deterioration Teresa Khechoyan probably means that the economy is in such a crisis that creation and maintenance of a large number of workplaces cannot be accomplished efficiently in a short time, otherwise it seems unexplainable.

AGRICULTURE IN ARMENIA (1985 – 2000)

Historically, Armenia has been known as a crop-growers' and gatherers' country. Traditions were kept, maintained and preserved at the rather high level during all most of not independent very long Armenian history. Armenians used to love their land and input the whole soul into gardening and crop growing. However, because of the Russian revolution of 1917, bringing new modes of administering the economy, the situation of agriculture in Armenia started to change.

Armenian agriculture may be regarded as having passed many peaks and gaps during 1922 to 1985. However, it so happened that the deepest gap appeared to coincide with the 1985 – 1987 time period. Unfortunately this gap appeared to be insurmountable both for Soviet and independent Armenia. The situation with agricultural labor productivity in 1985 – 1990 is showed in Appendix 2. As is seen from the data reflected, there is a huge decrease from 1985 to 1986 years; then the situation worsened (1987), an attempt to slightly recover the state of agriculture is observed for 1988 and the productivity fell again (1989). The decrease of 1986-1987 may be considered to be caused by Gorbachev's well-known policy – “No to alcoholic drinks”. This policy appeared to have the most devastating effect on Armenia in particular, as the “Grape Republic” - as Armenia used to be called, came to lose a huge share of its grape gardens. As the villagers of Ararat valley say (Interview conducted in April 2001 as a part of project on environmental safety of agriculture) that time might be viewed as period of deterioration because the best grapes were cut down almost all over Armenia. This period was also marked by the appearance in Soviet countries of the phenomenon, later called “informal or shadow economy.” As Vasilij Silunin states in *Sly number* p 181, the phenomenon of reporting incorrect production

figures started to be observed in all sectors of the economy. Although it more concerned industries other than agriculture, it nevertheless came into existence.

The second gap came to coincide with the earthquake of the 1988. Although a slight recession in 1988 occurred, in 1989 there was a decrease of productivity. This time it appeared to be long term and a deep gap recovered a bit only in 1994 – 1996. This recovery appeared not to be stable again. A drop occurred in 1997 and a significant increase in 1998.

The period of 1989 to 1993 appeared to be very challenging for Armenia, which fact may explain the instability seen from comparing the graphics in Appendix 2 and Appendix 3. These five years included the so called Sharzhum – the movement for independence of Nagorno-Karabakh, declaration of independence of Armenia, War with Azerbaijan over Nagorno-Karabakh, blockade, money reform (changing roubles to drams) and mass emigration of the population abroad.

After these 5 years, it appeared that not much stability came to enter everyday life. *Human Development Report: Armenia* (1999,p. 57) indicates that land privatisation, conducted in 1991, resulted in the state's role in agriculture being confined to the adoption of some normative legislation.... and sporadic provision of fertilizers and seeds. The villagers of Ararat Valley commented that they relied on the help of their village mayor only, though this was not always predictable and even that not always, confirm this. They reported that they are never sure whether there is something to plant and fertilize tomorrow or not

Globally, agriculture currently accounts for 40% of GDP and provides 55% of the labor force with work (*World fact book: Armenia*, 1999 est., internet site). However, Astghik Mirzakhanian points out that such a big share of employed in agriculture sector presents a negative effect on GDP (1999, p. 9) GDP dynamics as shown at the graphic in Appendix 4 are

not very positive especially in 1991 – 1994 – the period of almost overwhelming closure of industries and of lack of trade and services.

What concerns the cost of agricultural labor for the time 1985 – 2000 period, it is as follows: in 1985 – 1990 it is estimated and distributed according to Soviet statistical standards. For the indicated years wages of collective farms' workers ranged from 100 to 300, for the more accurate data refer to Appendix 5. These amounts were considered to be sufficient for living according to Soviet ideology: "Everything of first necessity but no luxuries" and they really were, as the people of that generation recall. Concerning the independence period there is almost nothing to say about wages as in 1991 the land was privatized. So, currently, the money gained comes from the product sold. Often it happens that some villagers, having no machines, have to request agreements with others (mostly oral) negotiating the cost and the amount of work. The interview with villagers of Ararat Valley showed that they have many difficulties in the course of contracting because there are almost no machines in good shape, almost no cash in their hands and existence of many expenses such as buying seeds, fertilizers, paying for water and electricity.

So, agriculture although being the major source of employment for the present, has many internal problems and is rather an unstable sector of the economy. It is mostly seasonal, only 36% out of 3400 surveyed farms are employed in agriculture all the year round according to Teresa Khechoyan.

As the difficulties usually faced in this sector for the latest years may be viewed as not significantly decreasing, the dissatisfaction of the population rises and brings an additional wave of emigration to towns and abroad.

INDUSTRY IN ARMENIA (1985 - 2000)

In soviet times Armenia used to be involved in the industrial complex working in collaboration with other Soviet Republics. During that time many factories were working in Armenia. Armenian shoes, electric supplies and chemistry products became famous over the Soviet Union. Armenians also used to manufacture high quality furniture. Excellent cognac, together with pastries and dried fruits were well known and welcomed in the whole Soviet Union. In Gorbachev's era a special progress in mining and new machine-tools creating could be observed. Thus, as *International Finance Center* (<http://biz.yahoo.com/ifc/am>) states "During the Soviet era ... Armenia became a significant manufacturing center, particularly in areas of metallurgy and machine tools."

The stable growth of Armenian industrial labor productivity for the period of 1985 - 1988) may be observed from the data shown in Appendix 6. If not for the earthquake damaging or completely destroying many industrial complexes, the development of industry might be safely going on for a long period. However, the earthquake and changing political situation in Armenia inhibited industrial development, that resulted in a sharp decrease of productivity in 1989 - 1990. This process of falling of productivity appeared to be irreversible and continued during 1991 -1993. In 1993 it reached the point of being about 30% below zero; see Appendix 7.

The situation was alleviated a bit with help from the IMF. As the *World fact book: Armenia* web site states, the Armenian Government started by 1994 "an ambitious IMF-sponsored program..." This cooperation with the IMF resulted in positive growth of GDP being estimated by economists of the world at a level of 4.04 - 5% growth (source). This progress is also presented in Appendix 4.

Nevertheless, despite the help of the IMF, the industrial gross output started a steady descent from its peak of 1994 reaching approximately 6 per cent of growth. As is seen from Appendix 7, by 1998 it came to reach the point of about 3% negative scale growth. This kind of regress seems to be surprising and unexplainable.

However, despite this more or less negative situation in the industrial sector, the share of it in the GDP was estimated by *World fact book: Armenia* (1999) to be 25%. It was also found that industry accounts for 20% of labor force. Astghik Mirzakhanian, found that "the correlation of GDP and industrial sector is weak but positive." (1999, p. 9)

Considering the cost of industrial labor, one may find that in that in Soviet times the range was about 150 - 300 roubles per month (more accurate data is in Appendix 8) Unfortunately, there were no data found about the correlation of hazards at employment with amount of wages as standardized by the Soviet legislature. However, post independence period does not provide any data concerning wages in the industrial sector at all, nor correlating them with working conditions. So, this sector appears to be highly unstable currently and there seems to be no clearly observable solution to positively change it toward stability.

TRADE AND SERVICES (1985 - 2000)

As in Soviet time everything was state-owned, there could not be much possibility for the trade&services sector to develop. Trade&services started to evolve in the late 80's, but acted as a hidden and unofficial source of employment. Thus, there are no official data to be found on this phenomenon that is important for an efficient market economy. Unfortunately, there are not many data on it for independent Armenia also. The only two things being revealed by *World fact book: Armenia* (web site) are: its share in current Armenian GDP that constitutes 35 per cents and 25 per cents of the work force is involved in this sector. Appendix 9 presents the development of the trade&services sector related to the one of Agriculture and Industry throughout 1990 - 1997. The trend seems not explainable, but at least it is interesting.

However, there are no data on **wages** workers get in this sector and nothing on the characteristics of those who are involved. Despite that, there are many unknown areas in that sphere of the economy; Astghik Mirzakhianian considers this sector to be a positive participant in GDP dynamics (1999, P.9)

So this sector of economy may not be considered as a stable one yet, but it may become so in the near future.

EMIGRATION AND EDUCATION (1985 - 2000)

In Soviet time the notion of emigration was not popular. Then it would be impossible to emigrate abroad because of the "iron curtain" separating USSR from the rest of the world. However, the internal movement within the USSR was not discouraged and all people would strive toward going to Moscow, the political and industrial center of the Soviet Union. To work and live in Moscow or the nearest surroundings meant prestige and many tried to achieve this by all means.

In 1980's the situation appeared to change a little and, starting with Gorbachev's coming to power, going abroad even to capitalistic countries became more feasible. So, there are data on emigration from Armenia for 1980 - 1990, which may be viewed from Appendix 10. From this graphic it is clearly seen that the huge share of emigration coincides with the fateful years of 1988 and 1989 - earthquake and political crisis in Armenia.

However, post independence period is not marked by a decrease of emigration; rather it increased. Nevertheless, there is a significant drop in emigration in 1990 (see Appendix 9); it could not sustain the decrease for long and later was raised significantly. Although there is an obvious decrease in population resulting from the country's emigration in the latest ten years, no official data are to be found on Armenia. The only finding is stated in *Human Development Report* "At least 800,000 persons left the country over the period of 1991 – 1999 having not realized their economic and social rights and encountering the psychological problems of adapting to the changing circumstances (2000, pp. 57 - 58). Additionally the cause of emigration may be considered to be a habit, coming from Soviet time, of waiting for external help (Moscow) which hinders independent development.

However, despite the unclear number of emigrants, the sex and age composition of them are more known. The book *Poverty of Vulnerable Groups in Armenia* presents data on this subject on which the Chart in Appendix 11 is based. As it is seen from this Chart, the main part of emigrants constitutes males of 16 - 69 age group. Observations and talks with people suggest that many of them are busy at construction works, especially in Russia.

As far as education is concerned, it was highly encouraged in Soviet times. Many well-known films advertised the importance of getting education. Many people strove for higher education, however, in Armenia vocational education appeared to be more popular as it seems from the data indicated in *USSR National Economy in 1990* (1991, p. 228). In Soviet time the education meant not only being literate but also led to sure employment; better academic success meant better possibility to be employed at a more favorable position.

Independent Armenia tried hard to sustain traditions in level of education but it appeared not to be as easy. There is no certain employment awaiting graduates any more. Very many private universities were opened during these years, but no clear information on their standards could be obtained. Most of them do not have the status of being equivalent to the State University. Surprisingly, despite the quantity of universities all over the country, the largest share of employed by level of education appears to be the secondary level of education. More detailed data are in Appendix 12. So, the situation with education is currently rather unclear. Thus, emigration and education in Armenia seem to be in a very unstable state. Hopefully, it will come to a more certain state in the future.

EMPLOYMENT AND UNEMPLOYMENT

Currently in Armenia it is unclear what is going to happen next moment. In regard of the labor market. There are newspapers advertising some positions, some private employment services and the Employment Center. Private relationships assisting people in searching for jobs exists as well. However, there may not be a clear distinction as for effectiveness of published and unpublished labor market. It is difficult to say that the statement of Eli Djeddah "Labor market is divided into published and unpublished parts, which cover 20 and 80 percent respectively." (1976, p.44) is reflecting current situation in Armenia. Nevertheless, it may be said that the unpublished - which is private relationships and advice - part is definitely larger and more efficient. For example, according to Teresa Khechoyan 51.8 percent of job seekers apply through private relationships.

While getting employment, people are mostly concerned with high salary; this is illustrated by Mariam Ohanian's statement that 75 percent of 289 surveyed women indicated this as first priority. (2000, p.53) Keeping that in mind, people apply to their friends and relatives or to various employment agencies. Among conditions posed by employment agencies are registration fees ranging from 500 to 5000 drams and payment of 30 - 50 percent of the first month's salary. The registration fee varies according to whether a person wishes to work in Armenia or abroad. The normal amount for registering to get a job in Yerevan is considered to be 500 - 1000 drams, whereas the prospects of abroad employment cost 5000 drams at registration. Unfortunately, as workers of agencies in Kievian, Terian and Abovian streets point out there is no certainty regarding the time of getting employment (some clients of such agencies are known to wait for years). The next drawback of this service is concerned with the quality of the job; this is especially serious regarding the abroad employment. As a labor market institution, the Labour

Union should take an active part in demanding the creation of new job places. However, it seems that there is eternal dreaming reigning in this institution, otherwise there would be some data on the activity of its members. What concerns the Employment Center, it is known that not many people apply to it (every 4th or 5th of the unemployed) and only 7.2 percent rely to it for obtaining jobs.

As a result of this kind of inefficiency of the labor market institutions, there is a huge unemployment, a large share of which constitutes women. According to Mariam Ohanian it amounts to 64.9 percent of total unemployed (2000, p. 52) Males are not only preferred for their physical strength but also due to the tradition - men are to earn money and women to breed children. Therefore, there are some cases that women are refused employment because of their marital status. And even the fact of their higher education does not help them much to overcome this "bias". Eligibility for employment age is defined by the Law of Republic of Armenia to be 16 years, but there are places where smaller children could be observed working. Such cases are not very widespread. More detailed data may be seen in the Appendix 13. Here the chart shows that the highest percentage of employed is observed in the 50 - 69 age group. It also reveals that women of all age groups lag behind men by only about 10 percent, which may not be regarded as a huge problem.

Usually the selection procedures in the Armenia labor market include some type of interview, some type of examination to reveal the necessary skills, some type of psychological and IQ (intelligence) test - employed for example in Center Bank³ and most widespread and

³ Such test is prepared jointly by sociologists and psychologists. Data on that is taken from Sociological Independent Center "Sociometr".

most efficient, though illegal - bribe⁴. Unfortunately, data on other types of selection procedures are unavailable.

Employment by category is illustrated by Teresa Khechoyan in Appendix 14 considering fields in which males of the 18 -25 age group are employed. Trade&Services appear to provide a source of employment to most of this group's members.

As far as unemployment is concerned, an alarming rate of it remains to be observed in Yerevan and the earthquake zone. More detailed information may be observed in Appendix 15. Thus, there are many problems to be solved in regard to employment versus unemployment. Hopefully, with more participation from government it will be possible in the near future

⁴ Mariam Ohanian pointed out that bribe is very important in getting employment process (2000, p. 57)

FINDINGS AND CONCLUSIONS

While investigating the situation with labor market in contemporary Armenia, the following results were obtained:

Informal Economy constitutes about 30 - 40% of total labor activity.

There appeared to be high unemployment, especially women, in regard to the Soviet time period. This huge rate of unemployed seems not to decrease in the nearest future; it is persisting on almost the same level throughout the latest years. (*Transition Report 1999*, p 189)

Although there is eternal and huge emigration, the equilibrium in demand and supply of jobs seems not to be achieved in nearest time. So, demand for jobs significantly exceeds supply.

The highest emphasis among sectors of economy appeared to fall onto agricultural sector. It is estimated to constitute 40% of GDP and to provide 55% of work force with more or less stable work.

As a large tendency to indicate high salary as first priority while searching employment may be observed in current Armenia, people try hard to do everything possible to get involved in Private Sector, where the wages are higher. And this is observed in the fact that tertiary sector (trade and services) is step by step taking an important position in overall state of economy. It is estimated to account for 35% of GDP already.

Searching employment goes through the private relationships, announcements, and Employment Center with 57.8 %, 39% and 7.2% respectively.

As is seen from the graphics presented in Appendixes the trends of public labor productivity and current GDP, as well as on agricultural and industrial productivities may compensate each other. However, the graphics on wages present more problems. But the inconsistency may be accounted for that the data differs from roubles to percentages. Moreover,

the money reform of 1993 complicates the understanding of this graphic even more. Probably, trend starting with almost zero in 1993 may be explained by this reform.

What concerns Armenian emigration composition, huge percent of males of working age emigrate abroad, the percentage of women being relatively small. Women are more known to leave the country temporarily and not for long time period.

The correlation of level of education and employment was revealed to be so that people with secondary education get employment about three times more often the those with higher one. May be because they are harder to please...

The unemployed appeared to be mostly concentrated in Yerevan and the earthquake zone.

Women in employment are not discriminated much (they lag behind only by about 10%). People having jobs in Soviet time did and do everything possible to keep them: the highest percentages of employed are observed in the 40 – 69 age group, whereas, strangely the least percentage of employed is observed regarding the 25 – 39 age group.

Thus, comparing Soviet labor market with current labor market, we conclude: during the latest decade appeared a loss of workers. Mainly it occurred because of emigration and psychological factor – people are inclined to wait for external help. A significant lowering of wages may also be observed, together with the existence of a significant Informal Economy. As a result, substantial lowering of GDP is observed as compared to Soviet times. Thus, certainty of Soviet period has been replaced by uncertainty in almost all of the economic and social life spheres.

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