RA LABOR MARKET CHANGES IN THE CONTEXT OF THE COVID-19 PANDEMIC

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Introduction. The Covid-19 pandemic, which began in late 2019, disrupted the normal movement of the world in the context of almost all infrastructures. The work of the governing bodies of the vast majority of countries around the world began to focus on solving the issues they faced in the shortest possible time and with effective means. Quarantine conditions and many restrictions on movement were introduced everywhere to reduce the spread of the pandemic. Both the pandemic and the various restrictions adopted by the governments disrupted normal economic activity in the countries: consumption decreased, investments in the number of sectors were reduced, export and import rates lost their intensity, etc. The rate of recovery of economic activity over time in each country of the world was manifested in very different ways, due to the outbreaks of Covid-19 at different times, which in its turn, brought backwardness in many areas. The programs initiated by governments were aimed not only at reducing the spread of the pandemic but also at reducing the losses that businesses and employees suffered from it. Given the fact that a large number of small and medium-sized businesses operate within the shadow economy, especially in developing countries, deprived of the opportunity to use these programs and reduce the expected losses and the latter could be used by many large businesses that didn't feel the need extremely. Armenia did also not refrain from this global pandemic and the many issues that arose as a result. Since the spread of Covid-19, a number of restrictions have been imposed on the activities of economic operators and employees in the country. This especially led to some changes in the RA labor market: many were forced to retire due to the economic restrictions imposed by the government and a large group became unemployed.

Literature review. Since the outbreak of the Covid-19 pandemic, the entire economic world has made a number of predictions, analyses about the expected breakthroughs in the world. Because the spread of the virus has been observed all over the world and not only in some countries, studies are being carried out at the level of both "individual countries" and the whole world. Thus, according to the International Labor Organization, the number of unemployed people in the world in 2022 will be 207 million, when the latter was only 186 million in 2019 [International Labor Organization, 2022, 13]. According to the same studies, the recovery of the labor market will be very

weak until 2023. Employment losses and loss of income from work were revealed especially in 2020 and 2021. Moreover, the groups of people who have always been considered vulnerable in the global labor market - women, young people, the elderly, migrants - have suffered greater employment losses than other groups. At the same time, studies in OECD member states show that the hours worked during the pandemic are relatively far from pre-crisis levels. March 2021 worked hours were still 7% below the level in December 2019 in about 10 countries [ELS, 2021, 8].

Methodology. The information of this study was obtained through various secondary sources like statistic reports, websites, articles. The mentioned statistical data are taken from the official statistics yearbooks and reports of the RA Statistical Committee. RA legal acts, government decisions, state budget execution reports, were studied. Statistical summarization, comparison, and time series analysis methods have been used.

Scientific novelty. The Covid-19 pandemic caused a number of issues and deviations from the normal existing direction in the context of almost all infrastructures from the beginning of its spread in Armenia. The labor market was not left out of all this, in which large-scale changes were observed, especially at the beginning of the spread of the pandemic. The latter will allow focusing on the types of economic activity facing bigger problems in the future. Since the beginning of the pandemic, many measures have been organized to neutralize its economic and social consequences. It is important to study these changes to find out their structure and directions as well as the effectiveness of those measures.

Analysis. After the detection of the first cases of Covid-19 pandemic, a state of emergency was declared in the Republic of Armenia on March 16, 2020, by Government decision N 298, which established numerous transport and economic restrictions within the territory of Armenia. These restrictions later underwent many changes due to the rate of spread of the pandemic. Thus, according to the N9 decision many activities such as casinos, movie screenings, shopping centers (except for food, beverages, alcoholic beverages, retail trade of tobacco products), bars, nightclubs, dance halls, bookmaker and betting service offices were banned in the whole territory of Armenia from March 23. Over time, subsequent decisions imposed restrictions on many other types of economic activities, including a number of economic operators. As a result, many lost their jobs or were temporarily out of work due to its inactivity, lost working hours, or started working from home. To understand the dynamics of the number of employees in the Republic of Armenia during that period, let us have a look at the data presented in Table 1, which contains the movement of the number of employees in 2019-2022 each month, separated by institutional sectors. From Table 1 it is visible see that a striking change in the number of employees in the country is visible in April 2020, when that number decreased by about 33,359 compared to the previous March. This was the period when the first cases

of infection with the Covid-19 began to be revealed in the country when the strict Isolation of infected persons and those who came in contact with the latter was mandatory.

Table 1. Number of employees in Armenia by institutional sectors of economy, 2019-2022 / person[1]

| Month | 2019 | | | 2020 | | | 2021 | | |
	State	Non-state	Total	State	Non-state	Total	State	Non-state	Total
1.	200121	360491	560612	197711	402757	600468	202660	407767	610427
2.	201775	367523	569298	200454	414554	615008	204715	417577	622292
3.	201940	367510	569450	201091	417635	618726	206956	428841	635,797
4.	199908	388335	588243	198993	386374	585367	207614	431734	639,348
5.	199842	396876	596718	200372	407468	607840	207253	439959	647,212
6.	198166	403358	601524	202142	431038	633180	208051	447732	655,783
7.	196182	406835	603017	200674	432251	632925	203491	448904	652,395
8.	193690	408683	602373	198212	437581	635793	202152	452282	654,434
9.	199070	415389	614459	203339	445333	648672	208725	458050	666,775
10.	200717	419835	620552	201934	437583	639517	208507	458,710	667,217
11.	203584	421179	624763	203106	429672	632778	211258	460,294	671,552
12.	205834	421997	627831	204753	432633	637386	211146	460,823	671,969

Table 2 shows the change in the number of employees in each month (expressed as a percentage) compared to the previous month during each year. Here again, we see that the decrease in the number of employees is observed especially in April, October, November 2020, July 2021, as well as in January 2022, and in other periods the increase in the number of employees is mostly visible.

Table 2. The change in the number of RA employees compared to previous month, %[2]

	2019	**2020**	**2021**	**2022**
January		95.64	95.77	96.58
February	101.55	102.42	101.94	
March	100.03	100.60	102.17	
April	103.30	94.61	100.56	
May	101.44	103.84	101.23	
June	100.81	104.17	101.32	
July	100.25	99.96	99.48	
August	99.89	100.45	100.31	
September	102.01	102.03	101.89	
October	100.99	98.59	100.07	
November	100.68	98.95	100.65	
December	100.49	100.73	100.06	

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[1] The table was compiled by the authors based on the data of the Statistical Committee of the RA.
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Taking into account that 2020 and 2021 were under the influence of unpredictable and difficult-to-manage external factors, the number of employees can be compared with the same periods of 2019 to reveal the real dynamics of the local labor market (Table 3).

Table 3. The change in the number of RA employees in 2020, 2021, and 2022 compared to the same period of 2019 /%[1]

	2020/2019	2021/2019	2022/2019
January	107.11	108.89	115.77
February	108.03	109.31	-
March	108.65	111.65	-
April	99.51	108.69	-
May	101.86	108.46	-
June	105.26	109.02	-
July	104.96	108.19	-
August	105.55	108.64	-
September	105.57	108.51	-
October	103.06	107.52	-
November	101.28	107.49	-
December	101.52	107.03	-

It is clear that the net number of employees has increased in the vast majority of months (except April 2020), which, in fact, shows a positive trend, stating that despite the pandemic and the existing restrictions, labor market activity has been quite high. However, if we compare everything with the movement of Covid-19 infected people in Armenia from February 2020 to February 2022, we see that there is almost no time connection between the latter and the number of employees in the country: during large surges in the number of infected people, there is no general decrease in the number of employees during the same period (see Figure 1). The main coincidence is noticeable in January 2022, when the total number of employees in both state and non-state sectors decreased significantly. And June 2020, November 2020, April 2021, and October 2021, accepting the highest rates of the number of infected people in a short period, during which the Government again imposed many restrictions, did not ensure a reduction in the number of employees compared to previous periods. Observing the level of officially registered unemployment in the Republic of Armenia, it is noticeable that the latter was much higher during a long period in 2021 than the 2020 index. The number of unemployed from January to August 2021 (inclusive) exceeds the number for the same period in 2020 (see Figure 2). However, in 2020, 2021, the unemployment rate did not exceed

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the index in the corresponding month of 2019. Therefore, it can be assumed that no deep crisis took place in the RA labor market.
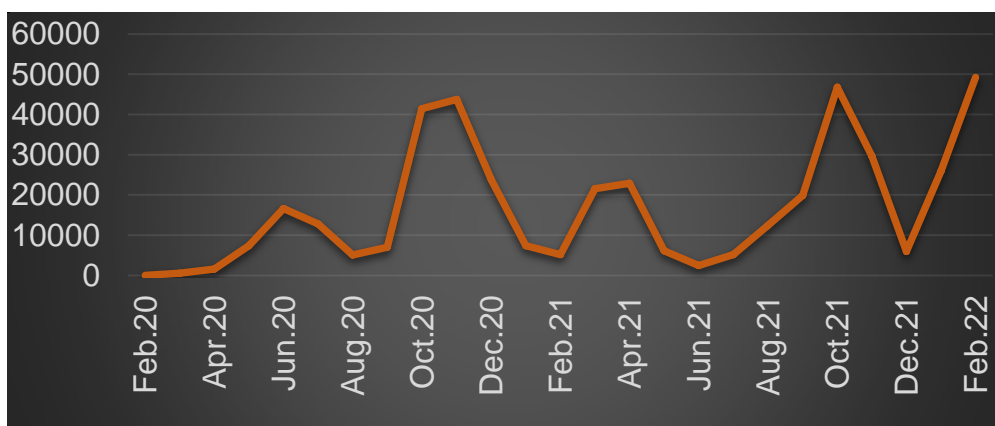

Figure 1. The trend of the number of people infected with Covid-19 in Armenia, February 2020 - February 2022 / person[1]

But differences in changes in the unemployment rate by sex are observed in 2020 and 2021 (see Table 3). The dynamics are noticeable especially in 2020 with the increase of the unemployment rate among men, which is visible in all months except April and June, while the increase in the unemployment rate of women in the same period was registered only in October, November and December (see Table 3).
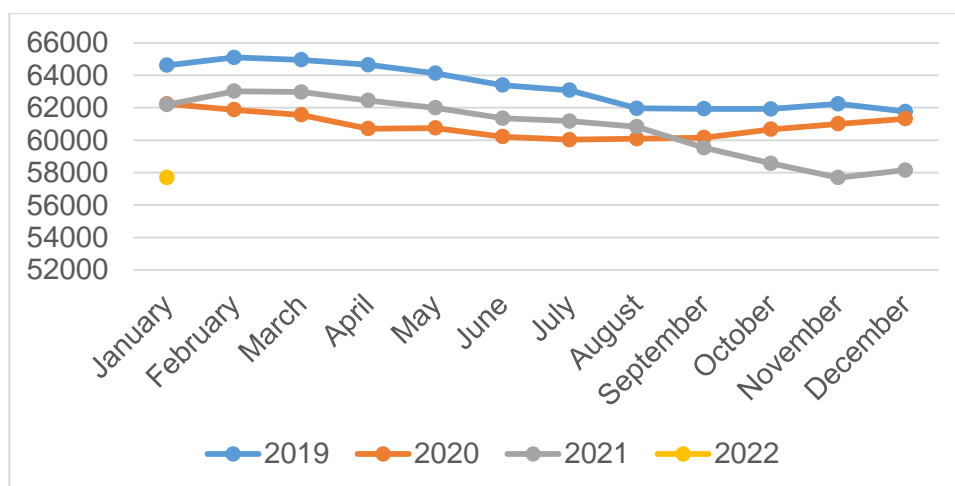

Figure 2. Dynamic of the unemployment rate in Armenia, 2019-2022[2]

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[1] The table was compiled by the authors based on the data of Ministry of Health of the RA.
[2] The table was compiled by the authors based on the data of the Statistical Committee of the RA.

Table 3. Dynamic of the number of unemployed in Armenia by gender, 2019-2022[1]

Months	2020	2021	2022	Change compared to the previous month 2020 /%	Change compared to the previous month 2021 /%	2020	2021	2022	Change compared to the previous month 2020 /%	Change compared to the previous month 2021 /%
1.	41296	40226	37000			20946	21967	20692		
2.	40872	40804		98.97	101.44	21000	22219		100.26	101.15
3.	40477	40738		99.03	99.84	21080	22236		100.38	100.08
4.	39975	40420		98.76	99.22	20733	22027		98.35	99.06
5.	39960	40220		99.96	99.51	20791	21735		100.28	98.67
6.	39711	39841		99.38	99.06	20512	21515		98.66	98.99
7.	39387	39670		99.18	99.57	20641	21506		100.63	99.96
8.	39284	39383		99.74	99.28	20802	21443		100.78	99.71
9.	39099	38277		99.53	97.19	21065	21264		101.26	99.17
10.	39247	37545		100.38	98.09	21421	21029		101.69	98.89
11.	39432	36970		100.47	98.47	21575	19686		100.72	93.61
12.	39653	37336		100.56	100.99	21667	20817		100.43	105.75

Both the unemployment rate and the number of registered employees in the country, or any other observed coefficient can be compared with the previous relatively stable, without force majeure 2019 data: we see that, regardless of the consequences left by Covid-19 and the 44-day Artsakh war, the indexes have a positive tendency. We also have changes in the average nominal wage in the labor market during the period under review, but they are mainly growing, which is especially evident in 2021. Positive wage growth in 2020 is also evident, but at a slower pace than in 2021 (see Figure 3). Despite the fact that it is noticeable a tendency of increasing nominal wages in Armenia, at the same time, there is inflation, as a result of which rising nominal wages do not really leave much of an impact.

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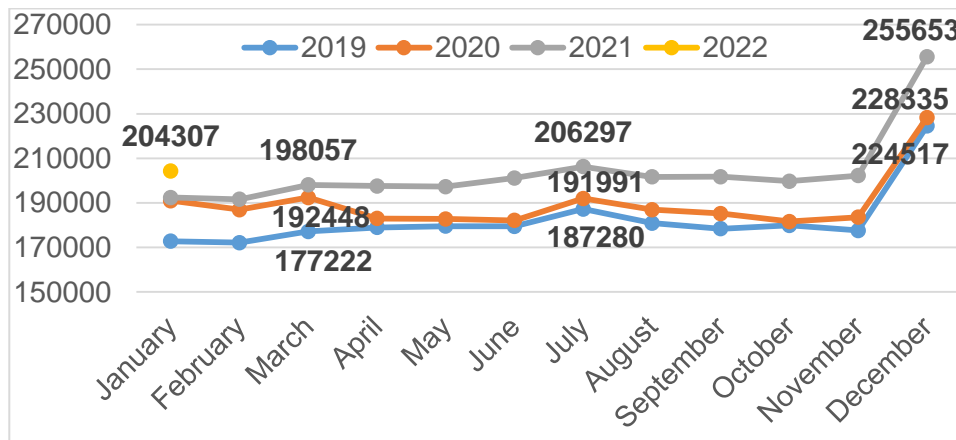
Figure 3. Dynamics of average nominal salary in the RA labor market, 2019-2022[1]

Through the efforts of the Armenian job search website Staff.am and "Modex" company, "The Labor Market 2021 report" was published in 2021, and the main focus of which is to study the changes in the Armenian labor market under the influence of pandemic and the 44-day war. Of the conclusions highlighted in the report, it is worth mentioning that the labor market activity has doubled compared to 2020. As a result of the devastating effects of the war, the possible increase in emigration, as well as the wide spread of long-distance work because of the pandemic, there is a significant shortage of labor in Armenia today. This refers to both highly qualified professionals and the craft sector, the labor force, the strong demand for which is also obvious. It can be assumed that although many have left the country or switched to working remotely for companies from other countries, the recruitment of new employees has been quite fast and flexible, which has ensured the absence of strong negative trends in the coefficients studied above. All this is evidenced by the dynamics of the sharp increase in vacancies on the staff.am platform presented in the report. Thus, in 2021, about 17,720 vacancies were announced on the platform, which was 10088 in 2020, and only in November 2021, 1729 vacancies were announced on the website, and in January, only 985.

From the very beginning of the outbreak of Covid-19 in Armenia, it was made many decisions to neutralize the economic and social consequences of the coronavirus. A number of social impact mitigation measures have been targeted at families or individuals who have lost their jobs within a pre-determined period of time. Thus, in Table 4 we see the volume of expenditures made and planned within the framework of these programs, the number of beneficiaries and planned users in 2020.

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[1] The table was compiled by the authors based on the data of the Statistical Committee of the RA.

Table 4. Total costs of reducing the social consequences of the Covid-19 pandemic[1]

	Amount of funds spent / AMD	**Financial performance**	**Number of beneficiaries / person**	**Planned number of users/ person**
4th measure	182 M	95.60%	1820	1904
6th measure	505 M	97.40%	7420	7974
7th measure	933.6 M	99.80%	9299	9350
8th measure	9 B	97%	134679	136837
9th measure	4.7 B	89.80%	195419	199599
20th measure	3.1 B	98.80%	44895	45408
22th measure	342 M	89%	5040	5647

It is obvious that the number of beneficiaries of these measures to neutralize social problems is quite large, for many of which there is a condition for qualifying, as it was mentioned, losing a job in a predetermined period. Thus, within the framework of the 6th measure, the beneficiaries are those individuals who had a registered job from January 1 to March 13, 2020 but were fired from March 13-30. The number of beneficiaries of the event was about 7420, but combining it with the number of employees from Table 1, we see that the decrease in the total number of employees in March is not really observed compared to the previous period. The beneficiaries of the 4th measure are families with children up to 14 years old, where parents or one of the parents lost their registered job between March 13-25, and as of March 25, neither parent has a job. Again the program targeted those who lost their jobs in March., a sharp change in the number of employees is visible in April 2020, so the total cost of the measures would be completely different if they were provided to those who lost their jobs in April.

Conclusion. The labor market in Armenia has had some issues with the spread of the pandemic, especially in 2020, but from a macroeconomic point of view, there is no decrease in indicators, on the contrary, there is an increase in the latter. Due to the high rate of emigration and the opportunity to work remotely in foreign companies, the demand for labor in the country has increased considerably, which is being met at a fairly rapid pace, preventing large gaps in the market. Thus, we can state that, unlike other labor markets in other parts of the world, the large and long-standing external crises did not appear in Armenia and the problems that arose were of a very short nature

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[1] The table was compiled by the author based on the data of the state budget execution reports.

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The COVID-19 pandemic has disrupted the whole world, causing many social and economic issues. In particular, at the initial stage of the pandemic, the above-mentioned issues were more acute; urgent measures had to be developed and implemented at the state level. In order to restrain the rate of the pandemic, the government adopted a number of economic and transport laws and decisions imposing other restrictions. In consequence of that, sharp fluctuations were observed in the RA labor market. Especially during the early stages of the pandemic, many employees lost their jobs or started working fewer hours. Labor market indicators have started to show some irregular changes. Hence, the arising issues led to accepting several coronavirus mitigation measures in order to reduce the result of coronavirus, especially a large group of events was directed to reduce the social impact of problems in the labor market, especially for those who have lost their jobs. This study has examined the dynamics of changes in the leading indicators characterizing the RA labor market, their relationship with the outbreak waves, and the nature of measures to neutralize the effects of the pandemic since 2019.