
CHAPTER 1. SOCIAL-DEMOGRAPHIC CHARACTERISTICS OF THE HOUSEHOLDS

This chapter outlines the general characteristics of the surveyed households in terms of demographic structure and main social-economic descriptions. Where possible and applicable, the data is compared with official statistics and results of similar researches to verify the representativeness of the sample.

NUMBER OF HOUSEHOLD MEMBERS

The main sample of the survey included 1503 households consisting of 6833 members. Table 1-1 presents the breakdown of households by number of members, and the comparison of results with official statistical data.

Table 1-1 *Number of household members*

Members	Main sample (%)	Statistics ² (%)
1	5.7	11.0
2	11.0	12.8
3-4	32.6	35.2
5-6	36.6	30.5
7 and more	14.1	10.5
Total	100.0	100.0
Mean	4.55	4.11

There is a 0.5 difference in means between the main sample and the official statistics. Two major reasons may explain this difference in means:

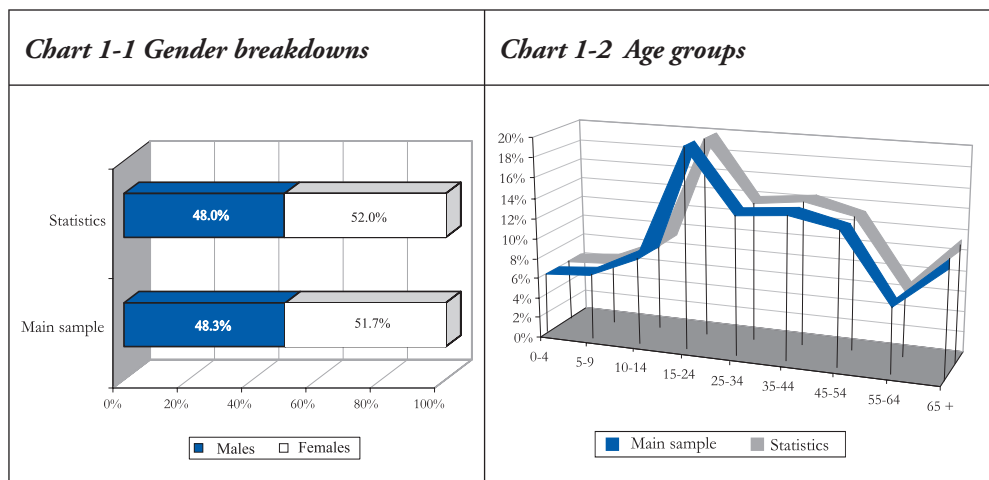
1. Families consisting of only one member are underrepresented in the sample, due to the fact that there were fewer chances to reach the respondent at home.
2. The field research was implemented in winter, when rural households tend to become larger: relatives that usually live apart come together to share a common economy.

The latter assumption is supported by comparison of urban and rural households: while in urban settlements the mean number of family members (4.13) is almost identical to official statistics (3.95), in rural areas the deviation is rather significant (5.09 against 4.42).

² Hereafter “Statistics” refer to official data of Census 2001. Wherever the results are compared with other available data, the source is specified.

GENDER AND AGE BREAKDOWN

Despite the small discrepancy between the main sample of the survey and census data in terms of the number of family members, the gender and age structure of the surveyed households pictures an almost ideal model of Armenia's population (see Charts 1-1 and 1-2).



Distribution of the members of surveyed households by gender and age is presented in Table 1-2.

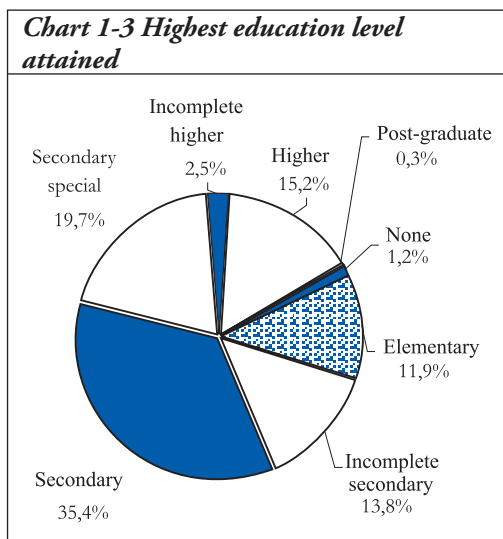
Table 1-2 Gender-age cross-tabulation

Age	Gender (%)		Total
	Males	Females	
0-4	3.0	3.0	6.0
5-9	3.4	3.2	6.6
10-14	4.4	4.1	8.6
15-24	9.5	10.3	19.8
25-34	7.3	6.5	13.7
35-44	6.6	7.5	14.1
45-54	6.3	6.9	13.2
55-64	3.2	3.3	6.5
65 +	4.6	6.9	11.5
Total	48.3	51.7	100.0

EDUCATION

The majority of surveyed household members (aged 11 and above) have secondary (35.3%) or secondary special (19.6%) education. 15.9 % has higher education (0.3% of which has a postgraduate degree) and about one quarter did not (did not yet) complete the secondary school (see Chart 1-3).

This data corresponds well to Census 2001, which documents 34.5% of Armenia's population aged 11 and above having secondary education, 19.3% secondary special education, 15.1% higher education and 0.3% with postgraduate degree.



Educational attainment of male and female members of the sampled households reflects the general proportions of the country data: secondary special education was attained by 18.0% of males and 21.0% of females; almost equal percentages of males and females have higher education (15.7% and 15.6% respectively) and incomplete higher education (2.5% and 2.4%).

At the same time, there is a remarkable and reasonable difference between residents of the capital and the other settlements of the Republic. This difference is clearly illustrated in Table 1-3.

Table 1-3 Educational attainment by place of residence

Highest education level attained	Yerevan (%)	Other settlements (%)
No formal education	0.2	1.5
Elementary (3 years)	10.2	12.3
Incomplete secondary (8 years)	9.2	14.7
Secondary (10 years)	24.7	37.7
Secondary specialized (12 years)	17.1	20.1
Incomplete tertiary (university)	3.3	2.3
Completed tertiary (bachelor or masters degree)	34.2	11.4
Post-graduate (doctoral degree)	1.2	0.1
Total	100.0	100.0

As shown, every third resident of Yerevan has higher education, and only 0.2% of the city's population did not participate in formal education process. This significant gap between the capital city and the regions of Armenia is yet conditioned by unequal access of the rural population to formal education and especially to institutions of higher education.

SOCIAL-ECONOMIC STATUS

Economic activity and unemployment³

According to the latest available statistics (2003) labor resources (workforce) of Armenia totaled 2,008,400 people⁴ (or 62.5% of the country's de jure population⁵).

The proportion of economically active and inactive population within the total labor resources was officially estimated as 61.4% and 38.6%, respectively. The economically inactive population includes students not engaged in production (7.5%) and people at working age engaged in households (31.1%).

LABOR RESOURCES are defined as able-bodied population at working age, working pensioners and working teenagers.

As of 01.01.2004 WORKING AGE POPULATION includes 16-62 year old males, and 16-58 year old females.

ECONOMICALLY ACTIVE POPULATION includes the employed and unemployed population, while the ECONOMICALLY INACTIVE POPULATION includes all able-bodied people that do not work and are not looking for a job.

UNEMPLOYED are able-bodied citizens at working age who, not having a job (profitable activity), are actively seeking for one and are ready to begin working immediately.

The employed population (those who are engaged in all branches of the economy, including farmers, entrepreneurs and self-employed population) comprised 89.9% of the economically active population, and the official unemployment rate (ratio of registered unemployed to the number of economically active population) stood at 10.1%. These numbers, however, differ from data acquired through current research. Table 1-4 compares the main indicators of economic activity and employment recorded during the field research with the official data.

³ The definitions used in this chapter are taken from the local context in order to make it possible to draw comparisons with the official statistics. In general, the wording of the economic activities does not correspond to the usual ILO wording and standards.

⁴ Statistical Yearbook of Armenia – 2004, NSS.

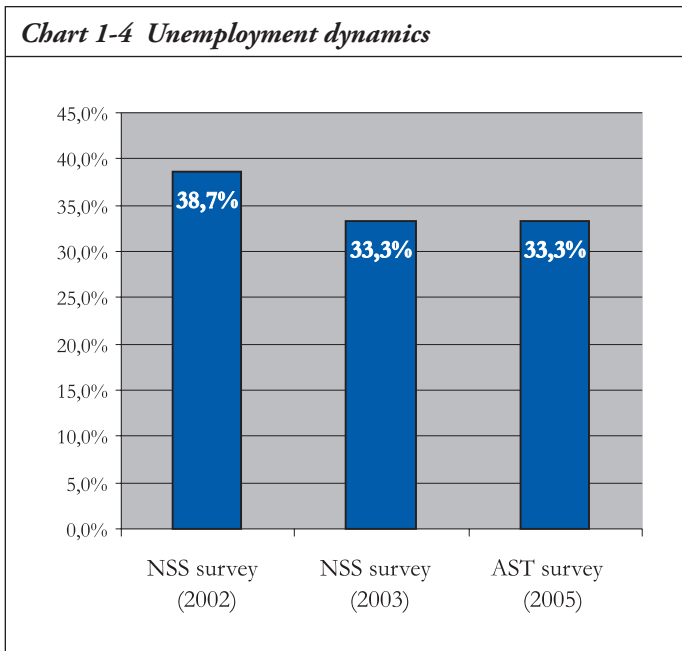
⁵ The census results present “de jure population” or, in Armenian, “permanent population”, which consists of all residents officially registered at places of residence. This is not the same as “de facto population” or “actual population”, which counts all those residing in Armenia at the moment of the census, i.e. considering the external migration flows (in and out). As per census 2001, de jure population of Armenia was 3,213,011, de facto population was 3,002,594.

Table 1-4 Economic activity

Economic activity	Main sample	Statistics (2003) ⁶
1. Labor resources (% of total sample / de jure population)	62.3	62.5
2. Economically active population (% of labor resources)	65.0	61.4
2.1. Employed in the economy (% of economically active population)	66.7	89.9
2.2. Unemployed (% of economically active population)	33.3	10.1
Out of which: registered unemployed	5.0	10.1
not registered unemployed	28.3	-
3. Economically inactive population (% of labor resources)	35.0	38.6
Out of which: students not engaged in production	9.6	7.6
able-bodied population engaged in households	25.4	31.0

As shown, the general breakdown of labor resources into active and inactive components is similar to official statistics. Furthermore, the newly acquired data revealed a positive tendency towards economic activity compared to 2003, i.e. some persons who were inactive in 2003 got employed or started to actively look for jobs.

Nevertheless, the breakdown into groups of employed and unemployed within the category of economically active population significantly differs from the estimates of the National Statistical Service (NSS). Such outcome is quite reasonable, since *a)* official unemployment rate is calculated based on the number of registered unemployed population only, and *b)* results of researches performed by various organizations in the past several years speak for the fact that the actual unemployment rate is at least three times higher than the declared rate and that roughly speaking each



⁶ Statistical Yearbook of Armenia – 2004, NSS.

third able-bodied Armenian is not engaged in any profitable activity. Moreover, this estimate was reflected in the household survey performed by the NSS in 2003, which reported unemployment of 33.3% of Armenia's economically active population.⁷

Although the results of NSS household surveys of 2003 and 2002 showed small yet promising development in the labor market, the current survey revealed that the situation did not improve since 2003.

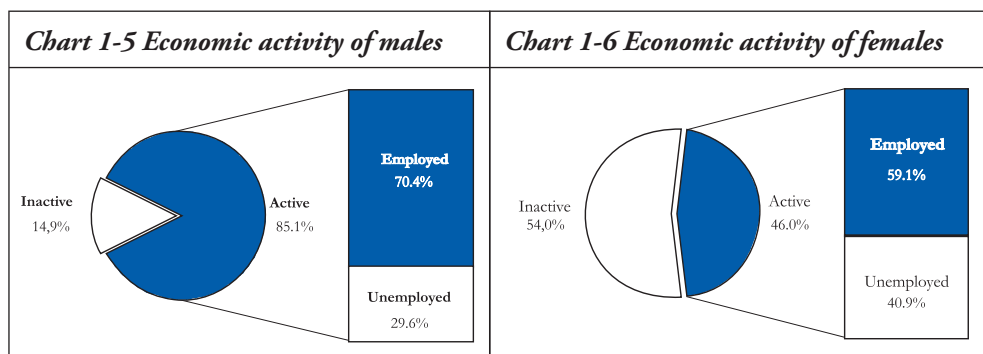
According to our survey, the majority of the employed members of households (57%) are wage earners either in budgetary institutions (37%) or in the private sector (20%). Out of the employed members, 1.6 % of the employed household members are employers and 40.7% are self-employed, including the farmers (24.1%). Similar breakdown was reported by UNDP in 2003: according to the results of nationwide household survey 58.3% of the employed population are wage earners, 40.6% are self-employed and 1.1% are employers.⁸

Determinants of economic activity

The survey revealed important correlations between the economic activity of the population and certain objective social-demographic characteristics, such as gender, age, education and place of residence. Although these correlations have been examined by other similar researches, we will shortly present the latest data reflected in the current survey.

Gender and age

Among all factors, GENDER affects economic activity most explicitly. According to the results of the survey 63.8% of economically active population at working age are males, and only 36.2% are females. Moreover, if 70.4% of economically active males are employed, in the case of females the employment rate is 1.2 times lower.



⁷ *Social-Economic Situation in the Republic of Armenia from January to December, 2003. Monthly information-analytical report.* NSS, Yerevan, 2004, p. 114; from *Labor Migration from Armenia. An Overview of Literature.* Ruben Yeganyan and Nelson Shahnazaryan, Yerevan, 2004.

⁸ *Education, Poverty, and Economic Activity in Armenia.* UNDP Yerevan, p. 67; from *Labor Migration from Armenia. An Overview of Literature.* Ruben Yeganyan and Nelson Shahnazaryan, Yerevan, 2004.

Similar data of actual unemployment rates was recorded by NSS in 2003: the household survey reported 40.2% unemployment of economically active females and 27.1% unemployment of able-bodied males.

AGE is another factor that has a remarkable influence on employment. The results of the current survey are consistent with other research papers in terms of drawing the age-related trends of the economic activity. Thus, according to the survey, the percentage of economically active people is the highest in the age groups of 35-44 and 45-54 and the lowest in the marginal age groups of 15-24 and 65 and above.

At the same time, the unemployment rate reaches its peak in the youngest group and has the lowest estimate in the group of 65 + years old.⁹ However, the mentioned trends do not equally apply to males and females. Table 1-5 illustrates the results of cross-tabulation of the three variables.

Table 1-5 Gender, age and economic activity

Economic activity	Males							Females						
	15-24	25-34	35-44	45-54	55-64	65+	Total	15-24	25-34	35-44	45-54	55-64	65+	Total
Economically active	53.5	97.1	98.9	96.3	79.5	8.8	85.1	32.5	45.1	53.4	55.1	36.8	2.4	46.0
Employed	48.3	67.2	79.6	78.6	72.4	92.6	70.4	28.9	58.8	69.9	67.6	72.8	81.8	59.1
Unemployed	51.7	32.8	20.4	21.4	27.6	7.4	29.6	71.1	41.2	30.1	32.4	27.2	18.2	40.9
Economically inactive	46.5	2.9	1.1	3.7	20.5	91.2	14.9	67.5	54.9	46.6	44.9	63.2	97.6	54.0

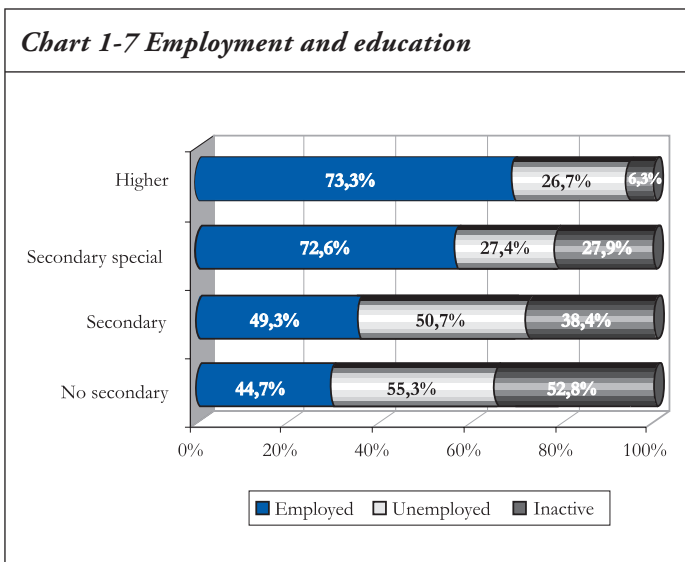
The table outlines the following specifics of the economic activity of males and females:

1. While in the case of males, the most economically active age group is 35-44, females tend to show highest economic activity at the age of 45-54.
2. If each second economically active male of age 15-24 is employed, only 32.5% of females of the same age are engaged in profitable activity.
3. Nevertheless, employment rate of females consistently grows with their age, whereas proportion of employed males declines after 45.
4. The latter tendency culminates in the age group of 55-64, where the percentages of employed and unemployed males and females are equal.

⁹ The percent of unemployed among people of this age group is naturally very low, because they are not considered to be of “working age”. Within the small group of those who are economically active the employment rate is quite high, since the group is mainly comprised of those who, having a job, choose to continue working rather than retire.

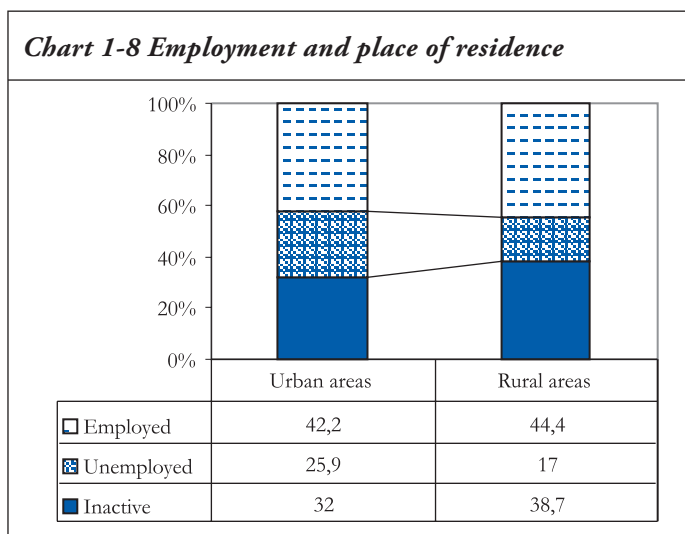
Education

A strong positive correlation is observed between the education level and the economic activity of the population. Furthermore, education reasonably affects the employment statistics: the higher the level of education, the lower the unemployment rate. Chart 1-7 shows that among people with higher education, the ratio of employed to unemployed is 2.7:1 and among those with secondary special education is 2.6:1. Comparing this with 1:1 in cases of secondary education and 0.8:1 in cases of lower or no education, we can state that people with professional education obviously have better chances to earn a living. However, note that each fourth person with higher education still fails to find a job.



Place of residence

The survey revealed that economic activity indicators vary depending on the type of settlement. Thus, urban population tends to show higher economic activity than the rural population; however the proportion of unemployed within economically active population of urban settlements is 1.6 times higher (see Chart 1-8).



These results are quite logical, since the rural population often has an opportunity to engage in farming as an alternative income generating activity that does not depend much on the situation in the labor market. On the other hand, the lower rate of economic activity is rather conditioned by the subjective perception of the respondents: the rural population often considers land cultivation and animal husbandry as part of their households' daily routine, i.e. housekeeping, rather than as an economic activity.¹⁰

We had a chance to compare the data on employment of urban population with the information acquired by the NSS in 2002. It appears that the proportion of the economically active population has increased by almost 20%, however the situation with employment did not improve: the NSS survey reported unemployment of 24% of the economically active urban population.¹¹

Given the common stereotype that Yerevan is the center of economic activity of Armenia, and hence, in terms of living standards it essentially differs from other settlements, it was interesting to get the real picture of the employment of Yerevan population as compared to the population of the remaining 10 marzes. Table 1-6 summarizes the results of such comparison.

Table 1-6 Economic activity and place of residence

Economic activity	Yerevan	Other settlements
Economically active	64.3	65.1
Out of which: employed	69.7	65.8
unemployed	30.3	34.2
Economically inactive	35.7	34.9

Surprisingly, as shown, the indicators of economic activity and employment do not vary much. The only notable difference is that the unemployment rate in Yerevan is 3.9% lower.

To conclude the examination of economic activity of the population, we would like to add that according to the results of the survey, the top two economically active marzes of Armenia are Shirak and Lori, average rate of economic activity was recorded in Aragatsotn, Kotayk, Gegharkunik, Ararat and Armavir, and the lowest rates were

¹⁰ Similar perception patterns have been uncovered in several other researches on social-economic conditions of rural areas carried out by Advanced Social Technologies over the last two years. (See also: *Vardenis and Chambarak Regions of Gegharkunik Marz: Current Situation and Perspectives for Development*; AST, Yerevan, 2005. *Social and Economic Conditions of Karakert, Armavir Marz*; AST, Yerevan, 2004.)

¹¹ *Labor Force in Urban Settlements of the Republic of Armenia*. NSS, Yerevan, 2002, pp. 22-23; from *Labor Migration from Armenia. An Overview of Literature*. Ruben Yeganyan and Nelson Shahnazaryan, Yerevan, 2004.

observed in Vayots Dzor, Tavush and Syunik. At the same time, the unemployment rate is the highest in Aragatsotn, Lori and Ararat, and the lowest in Vayots Dzor, Syunik and Tavush. Table 1-7 contains data on economic activity and employment from all marzes.

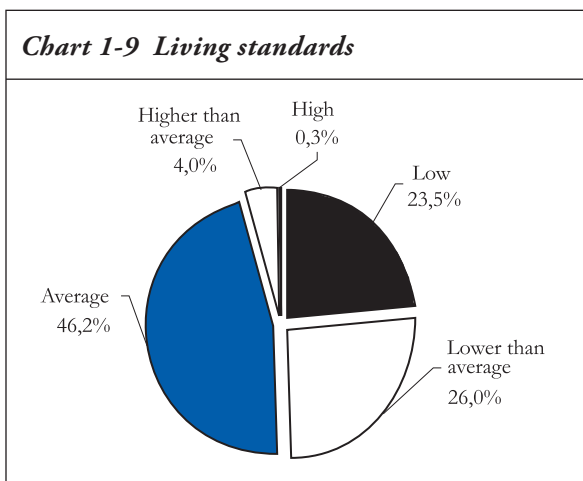
Table 1-7 Regional indicators of economic activity

Marz	Economic activity	
	Active	Employed
Shirak	74.7	75.8
Lori	71.7	48.9
Aragatsotn	64.5	35.8
Yerevan	64.3	69.7
Kotayk	63.3	70.3
Gegharkunik	62.9	73.2
Ararat	62.2	53.6
Armavir	61.7	74.8
Syunik	60.6	91.2
Tavush	59.1	83.6
Vayots Dzor	55.8	92.5

HOUSEHOLD INCOME

Living standards

Considering the general inclination of the respondents to conceal objective information about household income, we intentionally omitted direct questions on quantitative estimates of the family budget and rather preferred assessing the subjective perceptions of the survey participants regarding the living standards of their households. It appeared that somewhat more than half of the respondents (50.5%) place themselves among the class of population with average or higher than average living standard. However, roughly each second respondent thinks his/her family is either poor or belongs to the lower than average income group.



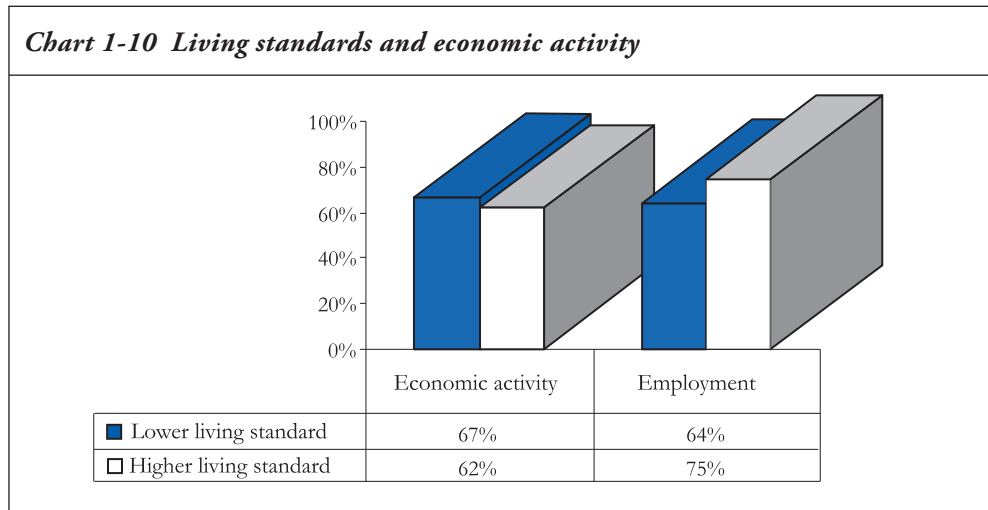
In order to compare the living standards of different groups of population, we will use a scale of 1 to 5 with 1 referring to the lowest estimate and 5 to the highest. Thus, the mean estimate of living standard for the whole sample is equal to 2.32, i.e. close to the “lower than average” category. Using this number as a dividing point, we can see how the mean estimate of living standards differs by the region.

Table 1-8 Living standards in different regions of Armenia

Living standard	Marz	Mean
Higher than country average	Ararat	2.72
	Syunik	2.67
	Armavir	2.51
	Kotayk	2.44
	Vayots Dzor	2.38
	Yerevan	2.35
	Country average	2.32
Lower than country average	Aragatsotn	2.28
	Lori	2.23
	Shirak	2.22
	Tavush	2.22
	Gegharkunik	2.16

It is necessary to bear in mind that these estimates are based on the perceptions of the respondents, rather than on objective assessment of the population’s livelihood. Therefore, in some cases the estimates correspond to the current Armenian reality, e.g. Gegharkunik, Tavush and the disaster areas (Shirak, Lori) being the poorest regions of the country, whereas in other cases the claims of the respondents are not borne out by the available data. The latter particularly concerns Yerevan, which on our scale hardly exceeds the country average and is left far behind by Ararat and Syunik. In our view, this outcome is strongly conditioned by the phenomenon of relative deprivation: when assessing the livelihood of their households the respondents tend to compare it with the perceived standard of good living, which in Yerevan is apparently higher than in other regions.

At the same time, not matter how subjective the estimates are, it is interesting to correlate them with main indicators of economic activity discussed above. It appears that in the marzes that feature lower-than-average living standards, people are economically more active, but the unemployment rate in these regions is higher. Chart 1-10 on next page shows that the average rate of economic activity in the regions with higher living standard is 5% lower, whereas the average employment rate is about 1.2 times higher.



Although this is just a rough generalization, it helps explain the respondents' estimates regarding their living standard. In this sense, it is worth mentioning that according to the assessment of UNDP, the proportion of poor and extremely poor is 1.4 times higher among the unemployed population as compared to different groups of employed.¹²

Sources of household income

To further explore the economic situation of the population, let us take a look at the main and secondary sources of household income.

According to the results of the survey, the top three MAIN SOURCES of household income are wages (46.3%), pensions and social assistance (20.3%), and cultivation of the homestead land (18.4%). 4.5% of the families claimed that remittances from their relatives living abroad constitute the main part of their household income. Among other main sources of income, the respondents have mentioned farming, small business and support from their relatives and friends in Armenia (10.6% in aggregate).

¹² *Education, Poverty, and Economic Activity in Armenia*. UNDP Yerevan, p. 69; from *Labor Migration from Armenia. An Overview of Literature*. Ruben Yeganyan and Nelson Shahnazaryan, Yerevan, 2004.

Table 1-9 shows how the living standards of the households vary depending on the main source of their income.

Table 1-9 Main source of household income and living standards

Living standard	Main source of income	Mean
Higher than average	Small business	2.62
	Homestead land	2.60
	Wages	2.57
	Remittances from abroad	2.42
	Farming	2.41
	Country average	2.32
Lower than average	Support from relatives in Armenia	1.92
	Pension, social assistance	1.81

As far as the ADDITIONAL (SECONDARY) SOURCES of household income are concerned, pensions and social assistance are mentioned most frequently (50.9%) and are closely followed by various agricultural activities (42.3%). In this range remittances from abroad rate third (10.7%).¹³ Hence, remittances constitute a certain part of the income of 15.2% of the surveyed households.

¹³ Hereinafter, percentages not adding up to 100 means multiple responses were accepted. If not otherwise specified, the percentages are based on respondents.

Main income earners

The respondents were requested to sort their household members in ascending order according to the value the person contributes to the family budget.

Expectedly, the majority of first (most important) income earners are men (70.5%). The second and third most important income earners are women (over 60%).

The most productive age group is 35-54: majority of primary income earners (males - 52.2%, and females – 39.6%) belong to this group. At the same time, the mean age for men here is 44.8, while

for women the mean age is 52.8. In case of secondary income earners, the age structure of men and women is quite different: the majority of men are younger than 35, while women are older than 45.

As far as the social-economic status of the income earners is concerned, the majority (63.3%) of those who contribute the highest value to the family budget are wage earners, farmers, or self-employed, while those that are in second place are mostly pensioners.

To conclude, most of the income in an average Armenian household is generated by 35-54 year old employed males with secondary special or higher education.

