

THE ROLE OF LABOR FORCE MIGRATION AND SOCIO-ECONOMIC CONSEQUENCES IN ARMENIA

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ABSTRACT

Labor migration currently is the most important migratory flow of the world. International labor migration is conditioned by economic and non-economic factors. If considering the emigration as a factor relaxing the tense in internal labor market, then at the present stage of social and economic development, the loss of potential of highly skilled professionals and workers, in the near future may cause a serious problem of unsatisfied demand for human capital. In a country of mass emigration, "the equivalent" of the loss of human capital, becomes migrant remittances. Of course, especially in countries forming new markets in the process of socio-economic development, remittances play an important and enough active role. As a factor of socio-economic development, remittances of population in the order of importance, come second after direct investments, as a source of external financing. They have a huge impact on the domestic labor market, private consumption, imports, the state budget and other sectors of socio-economic relations. Ultimately, this contributes so that incomes received from abroad were spent at home on more progressive and civilized forms of consumption, and in the future increased investment activity, and decrease the poverty level.

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When analyzing the causes of the current external migration process in Armenia, specialists first of all condition it in the socio-economic situation created in the country. Of course, the high level of unemployment (18 % in 2016) [1] and lack of workplaces have played a significant role in the emigration of the population from the country in recent years.

International labor migration is conditioned by economic and non-economic factors. Economic factors are mainly related to the differences in levels of economic development of countries. Many researchers on labor migration issues consider that the main reason for the international mobility of labor force is the national differences in salaries, in some countries wages are higher than in other countries. From countries with low wages, labor force flows to countries with higher wages. Thus, Mexico's labor flow to the United States has reached unprecedented levels and has not ceased to date, as it is highly appreciated in the United States for the same quality and quantity of work than in Mexico. The same can be said about the migrants leaving Armenia for Russia, but the ruble decline negatively affects the amount sent to the homeland.

Globally, there were an estimated 258 million international migrants in 2017 (table I.1).i Of these, nearly 57 per cent lived in the developed regions (the "North"), while the developing regions (the "South") hosted 43 per cent of the world's migrants. Of the 146 million international migrants living in the North in 2017, ii 89 million, or 61 per cent, originated from a developing country, while 57 million, or 39 per cent, were born in the North. Meanwhile, 97 million, or 87 per cent, of the 112 million international migrants residing in the South in 2017 originated from other parts of the developing regions, while 14 million, or 13 per cent, were born in the North (table I.2). Between 1990 and 2017, the number of international migrants worldwide rose by over 105 million, or by 69 per cent. Most of this increase occurred from 2005 to 2017, when some 5.6 million migrants were added annually, compared to an average of 2.5 million from 1990 to 2005. In the period between 1990 and 2000, the international migrant stock grew at an average annual rate of change of 1.2 per cent, compared to 2.4 per cent from 2000 and 2010 and 2.3 per cent from 2010 to 2017. Between 1990 and 2017, the developed regions gained 64 million international migrants, which was 60 per cent of the 105 million added worldwide, whereas the developing regions added 41 million, or 40 per cent [2].

International migrants are unevenly distributed across the globe: in 2017, over half (51 per cent) of all international migrants in the world were living in only ten countries. The largest number of migrants resided in the United States of America, which hosted 49.8 million migrants in 2017, or 19 per cent of the world's total (figure I.5). Saudi Arabia and Germany hosted the second and third largest numbers (12.2 million each), followed by Russian Federation (11.7 million), the United Kingdom of Great Britain and Northern Ireland (nearly 8.8 million) and the United Arab Emirates (8.3 million) [3].

Migrant workforce also contributes greatly to the former migrants who provide significant support to new arrivals and thereby reduces immigration-related costs and risks, increases their transportation and acceptance capabilities. In other words, families that have previously been established abroad (former migrants) pull their relatives, neighbors, and friends.

Among the non-economic factors affecting international labor migration should be political, national, religious, ethnic, environmental, psychological, educational, cultural and psychological factors, as well as natural disasters, wars, interethnic clashes, state policies, abuses of human rights and judicial- absence of threats to peace, political instability, escape from national discrimination and political persecution, and so on, which resulted in forced resettlement.

Numerous geographers and economists have tried to find out from different countries why Western Europe has become a powerful migration force center. The main reason is the desire of the least developed countries to the salary, having more favorable living and working conditions, which they want to meet the developed countries. The residents of these countries are the majority of all migrants. As regards the recipient countries, they are interested in immigration reasons for a few reasons, the most significant of which are:

1. The number of economically active population increases considerably,
2. The country is provided with cheap labor force,
3. The consumer market is growing,
4. Thanks to the increase in consumption volumes, new workplaces are created,
5. The GDP of the country increases.

Over the last decades, as it has been said, the continuing political, economic and social deep, often radical reforms in transformation countries and the socio-economic processes taking place in developed countries after the global financial and economic crisis have led to the radical transformation of social life, which became a motive for the formation of a new wave of migration of the population, especially its working part. Qualitative changes in migration processes have been completed in new ways. If previously the brain census was largely in developed countries, then the developing countries also attract the smart ones [4].

Table 1. The Dynamics of border crossing in the Republic of Armenia in 2000-2017 [5]
thousand people

Year	Arrival	Departure	Saldo	Total volume of passenger traffic	Growth / decrease in passenger traffic compared to previous year, %
2000	399,7	457,2	-57,5	856,8	-
2001	508,2	568,6	-60,4	1076,8	125,7
2002	590,7	593,4	-2,7	1184,0	110,0
2003	618,3	628,5	-10,2	1246,9	105,3
2004	739,9	737,8	2,1	1477,7	118,5
2005	845,8	833,3	12,5	1679,2	113,6
2006	983,7	962,0	21,8	1945,7	115,9
2007	1293,6	1296,8	-3,2	2590,3	133,1
2008	1397,2	1420,2	-23,1	2817,4	108,8
2009	1432,0	1457,0	-25,0	2889,0	102,5
2010	1754,2	1800,9	-46,7	3555,1	123,1
2011	1945,1	1988,9	43,8	3934,1	110,7
2012	2191,8	2234,6	-42,8	4426,4	112,5
2013	2476,3	2507,5	-31,2	4983,8	112,6
2014	2734,6	2776,3	-41,7	5510,9	110,6
2015	2709,3	2752,7	-43,4	5462,0	99,1
2016	2867,0	2915,2	-48,2	5782,2	105,9
2017	3398,1	3425,0	-26,9	6823,1	118,0

It is impossible to unequivocally assess the impact of the migration on the qualitative and quantitative characteristics of the Armenian population, and on labor resources in general. If we look at emigration as a factor that weakens the tension in the domestic labor market, the loss of highly-qualified professionals and the workforce in the foreseeable future may lead to a major problem of insufficient demand for human capital. Mass emigration countries' equivalent of the loss of human capital", it seems, are becoming migrants' remittances to their homeland [4]. Money transfers from abroad to Armenia help migrant families solve some of their financial problems, but most of these funds are directed to meeting their basic needs and reducing poverty.

Now, with the help of the two tables below, let's show how the dynamics of money transfers and poverty levels have changed over the years.

Table 2. Dynamics of the inflow of non-commercial remittances by individuals through Armenian banks in 2005-2017 [6]

Years	Volume of remittances inflow, in US dollars	Increase/decrease vs. previous year, in %
Total	18 416 789	
2005	752 821	116,9
2006	960 917	127,6
2007	1 319 480	137,3
2008	1 635 307	123,9
2009	1 124 119	68,7
2010	1 293 736	115,1
2011	1 546 959	119,6
2012	1 687 263	109,1
2013	1 869 791	110,8
2014	1 728 558	92,4
2015	1 208 470	69,9
2016	1 532 883	126,8
2017	1 756 485	114,6

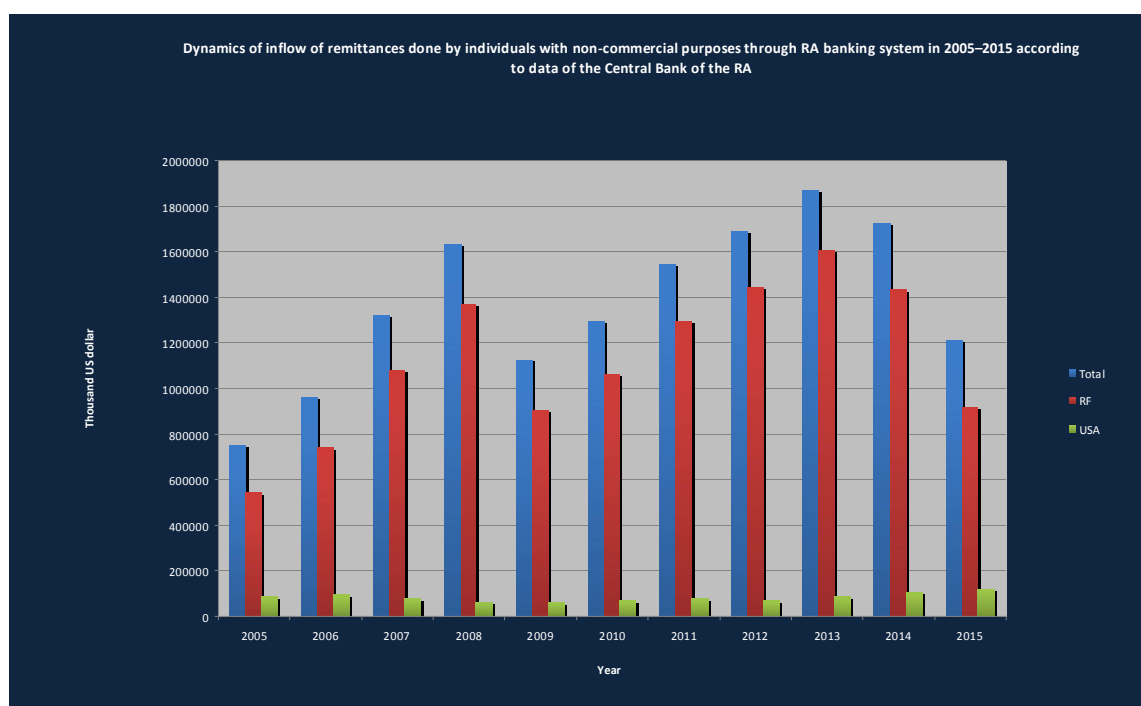


Fig. 1.

Of course, especially in countries forming new markets in the process of socio-economic development, remittances play an important and enough active role. As a factor of socio-economic development, remittances of population in the order of importance, come second after direct investments, as a source of external financing. They have a huge impact on the domestic labor market, private consumption, imports, the state budget and other sectors of socio-economic relations. Ultimately, this contributes so that incomes received from abroad were spent at home on more progressive and civilized forms of consumption, and in the future increased investment activity, and decrease the poverty level.

Table 3. Poverty indicators in RA in 2012-2016 [7] %

Years	2012	2013	2014	2015	2016
Poor	32,4	32,0	30,0	29,8	29,4
Extremely poor	2,8	2,7	2,3	2,0	1,8
Poverty gap	5,6	5,9	4,5	4,7	4,3
Severity of poverty	1,6	1,7	1,3	1,3	1,1

The table shows that in the period under review the inflow of money transfers from abroad to Armenia is increasing year by year (except for 2009, 2014 and 2015), and parallel to this decrease the poverty level, despite the fact that it is very small.

From the results of the survey, it can be concluded that under conditions of low living standards and high unemployment rates, labor migration has become an important source of income generation and poverty reduction strategies, but it should be noted that migration is so dangerous for our state that it contributes to the reduction of the population, as leaving abroad for work, the majority of migrants settled there.

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