NEW FORMS OF EMPLOYMENT IN THE EASTERN PARTNERSHIP COUNTRIES: PLATFORM WORK – ARMENIA

Country profile

SETTING THE SCENE

Platform work has emerged in Armenia in the context of a number economic and labour market developments, but there are also some vulnerabilities.

Labour market and employment. The Armenian labour market is characterised by a low level of labour force participation (59.9% of the Armenian population aged 15–74 was active in 2019). According to ARMSTAT, among the employed population, 33.5% was self-employed. Although it is decreasing, informal employment still exists and amounted to 38% of all employment (informal employment is less than 20% in urban areas and represents 64.2% in rural areas) in 2019. ARMSTAT reported that 31.9% of the employed population was engaged in vulnerable employment in 2019[1].

According to ARMSTAT data, the total unemployment rate was 18.3% in 2019 for the population aged 15–74, with only a slightly higher unemployment rate among women (19.3%)[2]. Armenia's NEET (Not in Education, Employment or Training) rate (31.0%) in the 15–29 age group was the highest among the EaP countries in 2019[3]. Public services are not seen as a relevant support for finding a job for young people and young people in Armenia mainly use personal contacts, online job advertisement websites or informal channels to find a job, while only 1.2% use the State Employment Agency (SEA)[4].

Armenia faces one of the highest levels of emigration worldwide with 30% of its citizens living abroad. Active labour market programmes and vocational training programmes were found to somewhat curb the labour emigration trend, which predominantly occurs among low-skilled workers in agriculture or construction[5]. This is a logical phenomenon since the agricultural sector accounts for one-fifth of the total employment, and industry accounted for 22.8%. The role of services is growing and amounted to 55.3% of the total employment in 2019[6]. However, more modern sectors such as ICT, real estate, finance, and business services accounted for only 6% of the total employment[7].

New forms of work are becoming more prominent in Armenia in recent years, showing the ongoing trend towards more flexible labour relations in tandem with the need to search for new opportunities. While the Labour Code does not recognise platform work or freelance work, the current regulations provide some opportunities for formal freelance work.

Education and skills supply. Education attainment in Armenia is high. 90.1% of the population aged 25+ had completed at least upper secondary education in 2017[8]. The gross enrolment rate[9] in tertiary

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[1] ARMSTAT (Statistical Committee of the Republic of Armenia) (2020), Labour Market in Armenia 2018–2019, ARMSTAT.
[2] ARMSTAT (Statistical Committee of the Republic of Armenia) (2020), Labour Market in Armenia 2018–2019, ARMSTAT.
[3] NEET –Young people aged 15–29 not in education, training or employment., ARMSTAT (Statistical Committee of the Republic of Armenia) (2020), Labour Market in Armenia 2018–2019, ARMSTAT.
[4] Sargsyan, A., & Castel-Branco, E. (2019). Youth Transition to Work in Armenia. *European Training Foundation, Torino.*
[5] OECD (2017). Interrelations between Public Policies, Migration and Development in Armenia, *OECD Publishing, Paris*, Retrieved from: https://doi.org/10.1787/9789264273603–4-en.
ARMSTAT (Statistical Committee of the Republic of Armenia) (2020), Labour Market in Armenia 2018–2019, ARMSTAT.
[7] Honorati, M., et al. (2019). Work for a better future in Armenia. An analysis of jobs dynamics. *World Bank Group, Washington.*
[8] The World Bank (2020). Educational attainment, at least Completed Upper secondary, POPULATION 25+, Total (%) (cumulative). Retrieved from: https://data.worldbank.org/indicator/SE.SEC.CUAT.UP.ZS
[9] Gross enrolment ratio is the ratio of total enrolment, regardless of age, to the population of the age group that officially corresponds to the level of education shown.

education in 2019 was 51%[10]. In the same year, 25.9% of all upper secondary school students were enrolled in vocational education and training (VET) programmes[11].

Despite high levels of educational achievement, skills mismatches (both overqualification and underqualification) are common in the country. Overqualification among youth accounted for 20% and underqualification for 10% in 2016[12]. In addition, employers assess the skills of graduates as poor and inadequate to their needs[13]. Despite the demand of businesses for VET graduates, VET has been garnering little attraction among youth[14]. To address this, the government has recently designed new strategies for education overall and for VET in particular[15].

Connectivity and digital skills. Digital transformation has become a priority and the sector is growing. The Digitalisation Strategy 2020–2025 implemented by the Ministry of High-Tech Industry is one example of the government's increasing attention to the IT sector and its potential to stimulate economic growth. In the strategy, the government recognises the need to introduce forward-looking skills policies for economic development. Furthermore, the government and a large Armenian diaspora are encouraging the development of the sector, which now has a year-on-year over-20% growth rate.[16]

However, Armenia has a low share of tertiary STEM graduates (15.2% in 2018)[17]. In addition, international assessments point to growing mobile access, although there are still gaps in the quality of access, technology adoption, the infrastructure, the business environment and availability of digital skills[18]. The Digital Readiness Index 2019 placed Armenia in 62nd position out of 141 economies.

THE PREVALENCE OF PLATFORM WORK[19]

Online platform work is an emerging phenomenon in Armenia. According to the data compiled by analyticshelp.io, Armenia has one of the highest percentages of online freelancers per capita in the world (2.18 per 1 000 inhabitants in 2018)[20]. Furthermore, based on the results of a survey conducted by the American University of Armenia (AUA) among the working age population in late 2020, around 5.7% of the employed respondents also engaged in platform work, with half of them claiming it to be

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[10] The World Bank (2020). School enrollment, tertiary (% gross). Retrieved from: https://data.worldbank.org/indicator/SE.TER.ENRR
[11] ETF (2020). Key Indicators on Education, Skills and Employment 2020.
[12] Sargsyan, A., & Castel-Branco, E. (2019). Youth Transition to Work in Armenia. European Training Foundation. p. 36.
[13] Sargsyan, A., & Castel-Branco, E. (2019). Youth Transition to Work in Armenia. European Training Foundation. p. 37.
[14] Ermsone, D. (2019). Policies Supporting Youth Transition to Work in Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. European Training Foundation. p. 29.
[15] ETF (2020). Armenia. Education, training and employment developments 2020. *ETF, Torino.*
[16] https://www.trade.gov/country-commercial-guides/armenia-information-and-telecommunication-technology
[17] ETF (2020). Armenia. Education, training and employment developments 2020.
[18] Cisco (2019). Cisco Digital Readiness Index 2019 - Armenia. Retrieved from: https://www.cisco.com/c/m/en_us/about/corporate-social-responsibility/research-resources/digital-readiness-index.html#/country/ARM; and Raja, S. and Malumyan, G. (2020) Internet use in Armenia: How might connectivity shape access to opportunity? World Bank Group. Retrieved from: https://blogs.worldbank.org/europeandcentralasia/internet-use-armenia-how-might-connectivity-shape-access-opportunity
[19] For more detailed information on the methodology used for this country profile, please, consult ETF (2021, forthcoming), New Forms of Employment in the Eastern Partnership Countries: Platform Work, ETF, Turin.
[20] Analyticshelp.io. (2020). Global internet freelance market overview for 2018. Retrieved from: https://analyticshelp.io/blog/global-internet-freelance-market-overview-2018/, based on data from the World Bank and freelancing sites, includes only digital freelancers who work via online marketplaces

their main job[21]. Moreover, it seems that the situation with the COVID-19 pandemic had a negative impact on platform workers, as some of the respondents (almost another 5%) reported that they used to have platform work which they lost in 2020. This indirectly indicates that on-location services are a major component of platform work (given that on-location services suffered the most from lockdowns).

Additional information allowing a better understanding of the prevalence of platform work comes mainly from specific platforms operating in the country.

There are a few local and international platforms for **on-location service provision** that are actively used by those engaged in platform work. Among them there are two major taxi services – GG Taxi and Yandex Taxi. Another ride-hailing platform - Bolt - is also present in the market though it does not seem to be a major player, at least for now. Besides these, there is a major food delivery platform – menu.am which provides delivery services from about 420 restaurants located in the capital city; and sovats.am also an intermediary in food delivery services.

Recently, the Armenian on-location platforms have been expanding beyond delivery, as a local major construction materials retail company launched the home services platform (e.g. plumbers, renovations, etc.) – idealmaster.am. Furthermore, the review of start-up incubation platforms revealed that a couple of early-stage start-ups were also emerging in the same sectors (home services, repairs, construction, etc.)[22]. Among them is master.am which is essentially similar to idealmaster.am, but independent from any construction company.

Based on different data sources, the number of service providers engaged in on-location platform work was estimated to be about 10 000–12 000 in late 2020, although this number shows a great deal of seasonal variation and mostly characterises the pre-pandemic state of affairs[23]. This estimate also seems reasonable based on the results of the survey cited above.

All the overviewed labour platforms are business-to-consumer with the overwhelming majority of the clients located in the capital city of Yerevan. Based on the evidence available, there is no specific client profile. However, it can be assumed that these are mostly relatively younger people who are proficient in using smartphone applications.

The localised platforms are recruiting service providers using different types of advertisements (online, billboard, TV, and radio). As disclosed in the interview with GG Taxi and menu.am, the lack of partner drivers is causing a bottleneck for the growth of their business. Other on-location platforms are in a similar situation. For example, food delivery platforms face additional complications in attracting delivery partners because of the need to register as individual entrepreneurs (see more details in the following sections).

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[21] Barseghyan, G., Baghdasaryan, V. (2020), The impact of COVID-19 epidemics on the Armenian Labor Market, Centre for Business Research and Development, American University of Armenia (forthcoming).

[22] We have reviewed websites of the following start-up incubators and accelerators: Armenian Startup Academy (www.startupacademy.am), BANA (www.bana.am) and Enterprise Incubator Foundation (www.eif.am). There is a high degree of repetition, which means that successful start-ups appear in various incubation projects.

[23] This number is estimated based on interviews conducted with GG taxi and menu.am, as well as considering the relative market positions of these companies in transportation and delivery markets respectively. GG taxi mentioned up to 3 000–4 000 active drivers and menu.am about 500 delivery drivers engaged. The study of idealmaster.am website claims that more than 1 100 specialists are registered with the platform for this type of services provision. While GG Taxi and menu.am are major players in the market, there are other players as well. We have assumed that the largest player in a given market holds no more than 50% of it, given that we did identify other notable players in these sectors as well (e.g. Yandex Taxi and Bolt in ride-hailing; Bolt Delivery in delivery; new start-ups in home and construction services).

Web-based freelancing is widespread in IT and creative industries among Armenian platform workers. While no official statistics are available on this, our preliminary searches identified about 10 000 members in a major Facebook group, which includes IT specialists, designers, legal experts, etc.[24] Freelancing and platform work have increased in recent years as a result of increasing digitalisation and global transformation of jobs. Although we were able to roughly estimate the number of on-location platform jobs, the extent of web-based freelancing is quite vague.

Web-based work is mostly done through global platforms, such as Upwork. Our analysis identified more than 3 000 registered users from Armenia on this platform, with the overwhelming majority of them coming from the IT sector. A review of expert opinions and interviews suggests that other widely used platforms include Behance for designers, Toptal for high-skilled software engineers, and Fiverr, Freelancer.com and Craigslist for professionals both in software development and other highly skilled occupations[25]. There is no verifiable data on the client countries but, according to the interviewed experts, clients from Europe and the USA prevail, making Armenian remote platform work a form of labour outsourcing.

To ascertain the prevalence of online remote platform work, the AUA survey also obtained information on the pre-pandemic prevalence of platform work. According to the data, around 12% of the countrywide representative survey respondents work remotely[26]. This represents the upper limit for the potential engagement of web-based platforms, as remote work includes also work done for specific organisations. In terms of sectors, the most common work is in IT, education and other types of services, although this represents only half of the responses. The other half is spread among other sectors of the economy, which allows us to make the prudent estimate that not more than 3–5% of the Armenian working population is involved in remote platform work. As we discuss below, a considerable amount of web-based platform work concerns either a secondary job or is carried out in addition to other contractual work.

While platform work can provide notable opportunities for the country's economy, there is little recognition of the phenomenon – or of the changing labour markets more generally – at policy level. For example, Armenia has recently developed a labour market development strategic document – 'Work Armenia'. In this document, the employment of youth and women is identified as a priority. Other objectives[27] include combating the high unemployment rates in the country and addressing the mismatch between the education system and the labour market[28]. It does not, however, include any specific strategy for online or platform work and this lack of a specific strategy was also noted in an interview with the Ministry of Labour and Social Affairs.

The analysis on the programmes of the State Employment Agency (the main public body where the unemployed can register and get assistance in finding a job[29]) have not found the information about promoting platform work or using platform work opportunities. More traditional approaches are mentioned, such as on-site apprenticeships, co-payment for hired employees, and similar. The training

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[24] A closed group of 10 200 participants, created in 2014. Available at: https://www.facebook.com/groups/freelancearmenia/
[25] These items have been suggested by Dr Hrant Davtyan, Business Analytics Professor at the American University of Armenia and Founder of the data science company, Metric and by Ms Angela Hasassian, a freelance copywriter.
[26] Avedisian Center for Business Research and Development (2020). The evaluation of working conditions during the COVID-19 epidemic, American University of Armenia.
[27] Honorati, M., et.al. (2019). Work for a better future in Armenia. An analysis of jobs dynamics. *World Bank Group, Washington*
[28] See more: finport.am
[29] It is important to highlight that out of around 240 000 unemployed, only 80 000 are registered with the State Employment Agency. It implements various training and some job placement programmes, but these mainly target disadvantaged groups (young, women, people at high risk of losing jobs, unemployed with disabilities, etc.).

covers the development of specific professional competencies and computer literacy. However, given the level of the majority of the tasks carried out via labour platforms (see more details in the sections below), this could not be considered as adequate support for platform work opportunities. One exception to this is in relation to the low-skilled jobs that are available on web-based platforms, for example, data entry, and this potential opportunity is currently being under-used.

TYPES OF ONLINE AND PLATFORM WORK

As indicated above, both on-location and web-based types of platform work are carried out by a small percentage of the Armenian working population.

According to the Online Labour Index data on the four English language **web-based freelancing platforms**, remote platform work became especially popular among Armenians in the second half of 2019 (see the figure below). The most popular platform 'occupation' among Armenians was creative and multimedia work, although they increasingly engage in software development and sales and marketing support tasks for foreign clients[30].

FIGURE 1. ONLINE LABOUR INDEX DATASET: NUMBER OF DAILY ACTIVE ARMENIAN PLATFORM WORKERS ON THE FOUR MAIN INTERNATIONAL FREELANCE MARKETPLACES IN TIME
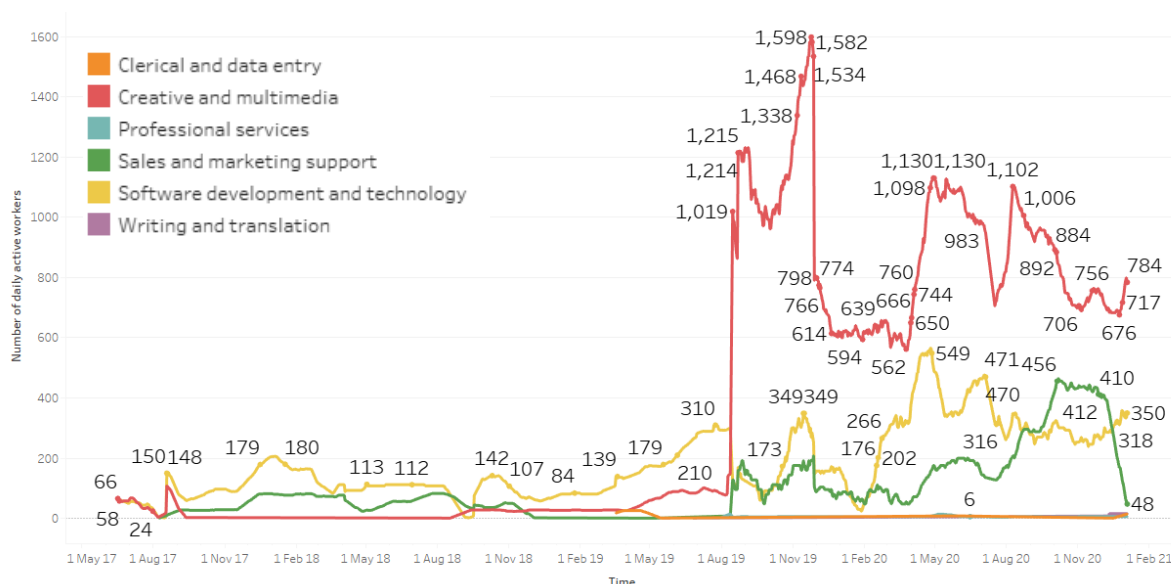
Source: Online Labour Index, iLabour dataset[31].

Nonetheless, the specific services provided by Armenian workers differ somewhat by platform. To better understand the sectors and skills on web-based platforms, we have analysed the information publicly available on Upwork – one of the most popular platforms for Armenian workers. Randomly

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[30] Kässi, O.; Hadley, C.; Lehdonvirta, V. (2019). Online Labour Index: Measuring the Online Gig Economy for Policy and Research. figshare. Dataset. Retrieved from: https://doi.org/10.6084/m9.figshare.3761562
[31] http://ilabour.oii.ox.ac.uk/online-labour-index/

extracted information on around 247 registered service providers[32] showed that software development, design (including web design) and translation-related services were the most common services offered on Upwork by Armenian workers. Similar patterns of the same predominant occupations were also found from the data on Armenian web-based platforms workers from Weblancer.net, Freelancer.com and Guru.com (see the figure below). The data from both English (Freelancer, Guru.com) and Russian (Weblancer) language platforms showed very similar results in terms of the kinds of occupations.

FIGURE 2. SERVICES OFFERED BY THE ACTIVE FREELANCERS FROM ARMENIA ON WEBLANCER, FREELANCER AND GURU.COM
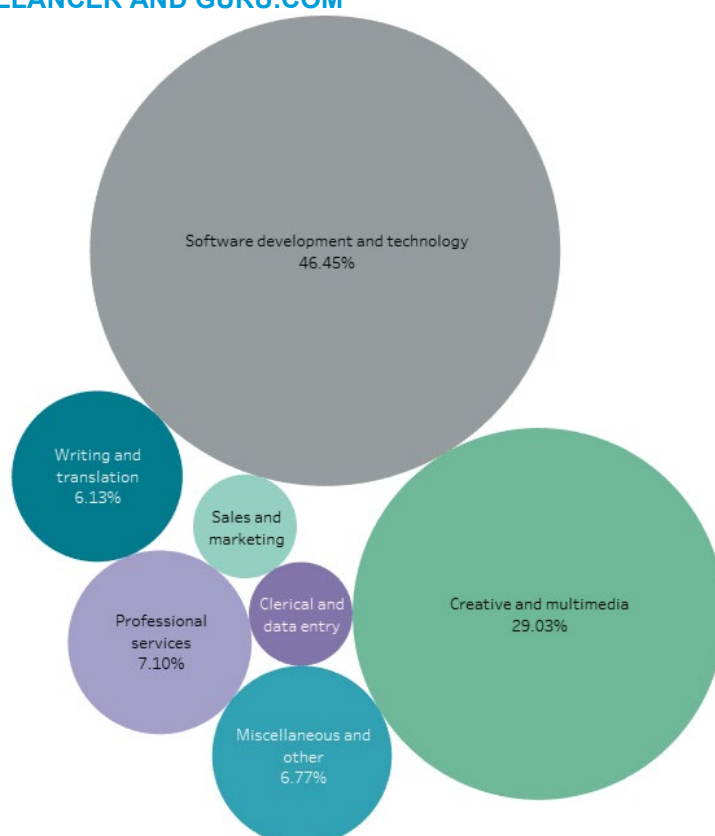
The survey conducted by AUA also demonstrates that 70% of remote workers, in terms of their ISCO occupation group, are office workers, specialists, highly qualified professionals or managers, which supports the findings from different platforms.

As regards **on-location services** provided via online platforms, these are mainly in transport, food delivery and home services. The early-stage start-ups of labour platforms that were identified also cover the same sectors. According to interviews with the platforms and service providers (drivers and delivery personnel), the main advantage of on-site platform work in Armenia is its flexibility. A service

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[32] In preparing the Armenian country profile, the national expert has identified 3 160 service providers from Armenia as of 30 October 2020. A representative sample of this population (with 95% confidence level and a 6% margin of error) was estimated to be 250 freelancers. Using a random number generator and a step of 10 entries (each page contains 10 profiles), each 3rd profile of the first 247 pages was taken. Acknowledging that the appearance of profiles by pages is not random, we assume an acceptable level of randomisation given that we have considered 247 pages out of 316, and that on each page we have randomly taken the 3rd profile.

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provider has a high degree of freedom in deciding whether to accept the order received. However, given the small number of interviews conducted, this should be regarded as anecdotal evidence.

WORKER PROFILES

Armenian platform workers are predominantly male. The analysis of Armenian **remote** worker profiles on Weblancer.net, Freelancer.com and Guru.com showed that over 80% are male. However, the gender composition of workers varies by the type of service provided: while males dominate in creative and software development services, there is a more significant percentage of women in sales and marketing services, and more females than males in writing and translation work. **On-location** platform work is mainly a job opportunity for males – drivers, delivery staff and home service providers (plumbers and other construction professionals). According to the evidence collected, the percentage of women in these sectors is statistically close to zero, and female recruitment in these sectors is such an exception that it is sometimes featured in human interest stories in the media[33].

Furthermore, overall, **web-based freelancers are mostly young** (under 40 years old). An analysis of Armenian worker profiles on Weblancer.net shows that the average age is 31.7 years – slightly lower than the EaP regional average for platform workers. Comparable data is not available on Armenian on-location platform workers, but a larger variation in age can be expected. For example, while food couriers tend to be very young, taxi drivers using ride-hailing apps tend to be also older..

According to the interviewees and based on the requirements for services provided, most of the web-based platform workers have a tertiary degree. Nonetheless, among the IT sector specialists, there is a tendency to pay less attention to formal education and to focus on actual skills which could be gained though non-formal learning[34]. Meanwhile, as regards the skills levels of on-location workers, the interviews revealed that drivers can have radically different professions – arts, small shop owners, seasonal construction workers, etc. Of course, some of them are taxi drivers with experience in the job.

The survey conducted by AUA demonstrates that 30% of those claiming to work (or to have worked in the past) via platforms consider that to be their **secondary employment**. The GG Taxi interviews also demonstrated that roughly half of the active drivers (partners) are employed or self-employed in addition to their platform job. They either work in shifts or have flexible primary employment or seasonal employment. Among the remote workers, according to the interview data, a large number of employees combines freelancing with regular work, and some of them (presumably a smaller percentage; there are no objective grounds for the specific quantifications of these percentages) prefer the flexibility of freelancing as their main job. It can be said that there is a certain equilibrium in the freelance market, resulting from a trade-off that these workers face: being employed on a regular basis which gives additional opportunities for professional development (like training, time to learn new

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[33] Пайтян, М. (2020). Есть Тамара в Ереване: История Женщины, Севшей За Руль Такси Из Любви к Животным. Sputnik Армения. Retrieved from: https://ru.armeniasputnik.am/columnists/20200112/21676714/Est-Tamara-v-Erevane-istoriya-zhenschiny-sevshey-za-rul-taksi-iz-lyubvi-k-zhivotnym.html
[34] This observation was made by the expert, based on his experience as programme chair at the American University of Armenia. University internal statistics show that the lowest on-time graduation rate is recorded in the computer science programme.

methods, career development, etc.), whereas platform work provides opportunities for higher earnings (see below).

The possibilities for **professional development and training** are limited for platform workers. The interviews and desk research have not revealed any particular skill enhancement initiatives, with one exception: GG Taxi is providing informal counselling for drivers receiving poor reviews. The platform organises a series of meetings with drivers to provide them with feedback and explain the requirements for quality services. The company claims that, often informally, its staff is making a considerable effort to increase quality. In terms of skills development, Armenian remote platform workers, just like other such workers globally, depend either on their other employment or own efforts for this.

Regarding the incomes from platform work, the average rates reported for Armenian freelancers on Upwork demonstrate that they are considerably higher than the country average labour market incomes. They vary by occupation but range from USD 14 to 28 /hour (see Figure 3 below). Similarly, based on the data on Armenian workers on Freelance, Weblancer and Guru.com, the average rate of an active worker is USD 24/hour. While the average net monthly salary in Yerevan was around USD 350[35] as of 2020, at a rate of USD 15 /hour, a successful platform worker can earn around USD 2 000[36] (gross) per month, working 40 hours per week. This notably higher than average income from platform work was also confirmed in the interviews.

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[35] Stotz, J. (2020). Average and Minimum Salary in Yerevan, Armenia. Check in Price, Retrieved from: https://checkinprice.com/average-and-minimum-salary-in-yerevan-armenia/#:~:text=Average%20Salary%20in%20Yerevan%2C%20Armenia,which%20was%20%24390%20per%20month.

[36] The amount is estimated using USD 15/hour as a more realistic hourly rates, multiplied by 160 hours per month, minus 20% which is the highest commission charged by Upwork (https://www.upwork.com/i/how-it-works/faq/). Please note, however, that comparisons between income from employment and platform work is not so straightforward, as platform work involves a lot of unpaid work: looking for assignments, taking part in competitions and negotiating with potential clients. A survey conducted by PPMI in EU countries showed that it could take as much time as paid work.

FIGURE 3. AVERAGE HOURLY RATE (USD) BY SERVICES, UPWORK SERVICE PROVIDERS FROM ARMENIA,
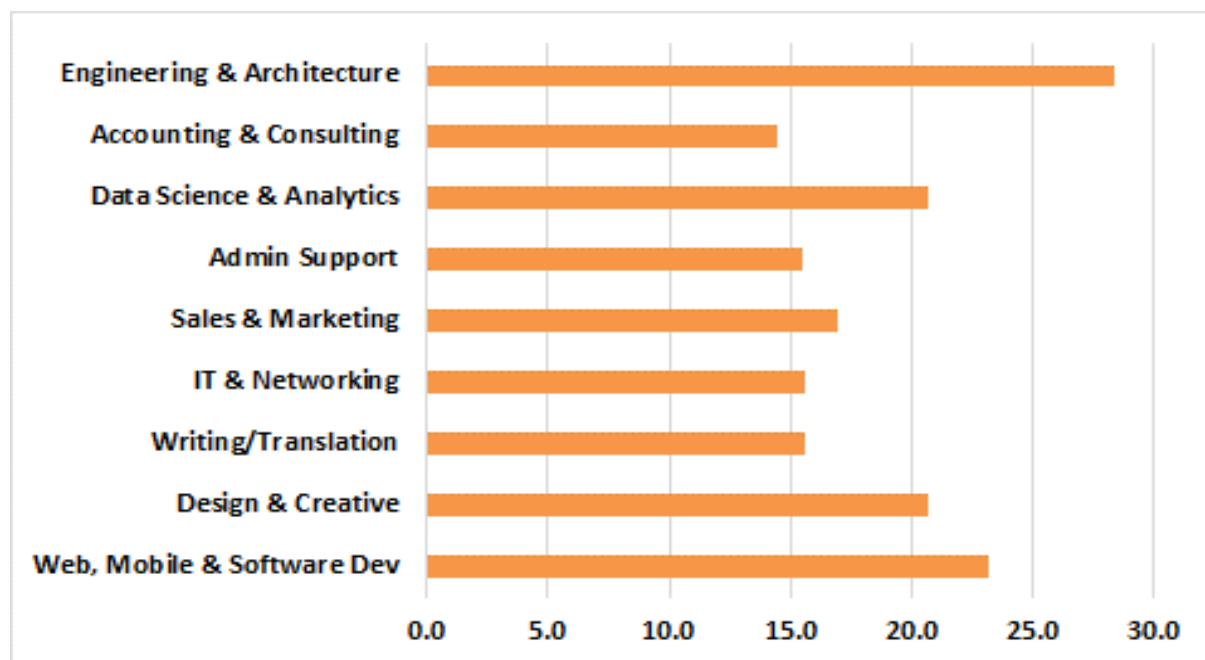
Source: Upwork and author's calculations.

This common microeconomic pattern of higher than the country average incomes from platform work holds true for on-location workers as well. According to GG Taxi, the typical monthly gross earnings of their drivers with full-time engagement is between AMD 300 000–400 000 (USD 625–830). Menu.am reports a figure of AMD 350 000–400 000 (USD 730–830) for deliveries with own cars and AMD 200 000–250 000 (USD 420–520) for deliveries using the company bikes[37]. It is, however, important to highlight that a fair number of platform workers use this as an additional source of income and earn only part of these full-time figures.

Finally, the majority of Armenian platform workers – providing both on-location services and engaged in remote platform work – is based in the country's capital, Yerevan. For remote platform work, this is illustrated by evidence from the analysed freelancing platforms[38] (see Figure 4 below; this trend is also supported by evidence from Guru.com, presented in the Regional report). Meanwhile, most apps for on-location platform work[39] operate primarily in the capital, although they are active in Sevan, Gyumri, and also in other larger cities[40].

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[37] Vacancies (n.d.). Menu.am. Retrieved from: https://www.menu.am/vacancy.html
[38] Freelancehunt (2020). Карта Фрилансеров По Всему Миру, Карта Фрилансеров, Карта с Количеством Фрилансеров. Retrieved from: https://freelancehunt.com/freelancers/map
[39] For example, Bolt: https://bolt.eu/en/cities/; GG-taxi: https://staff.am/en/company/gg, Yandex.Taxi: http://arka.am/en/news/business/yandex_taxi_service_extends_to_five_more_armenian_towns/
[40] Asbarez.com (2019). Armenia's Gg Ride Hailing to Provide $5 Rides to Pashinyan's L.A. Rally., Retrieved from: https://asbarez.com/185749/gg-transportation-to-provide-5-rides-to-grand-park-for-pashinyans-visit/

FIGURE 4. ARMENIAN REMOTE WORKERS ON FREELANCEHUNT
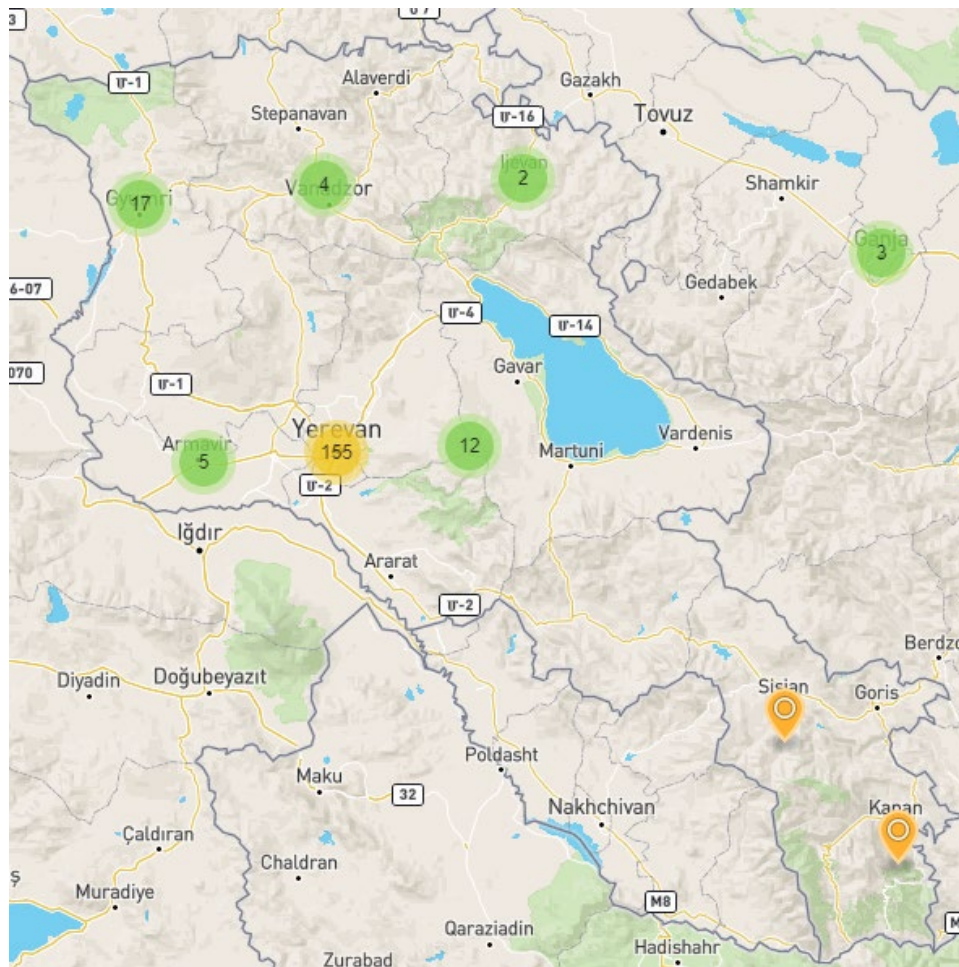
Source: FreelanceHunt.
Note: the yellow markers without numbers indicate that one freelancer is present in that area.

STATUS OF PLATFORM WORKERS

There is a broader legal framework for platform work in Armenia consisting of:

■ Standard employment contracts (Աշխատանքային պայմանագիր) governed under the Labour Code. The Labour Code provides for annual leave, sick leave, and regulates working conditions, etc.

■ Occasional work under service delivery contracts (*Ծառայությունների մատուցման պայմանագիր*). In this case, the physical person and the hiring party sign this type of contract for a specific service delivery. This is regulated by the Civil Code. In general, this type of contract cannot be used for repeated deliveries of services.

■ Self-employment for registered private entrepreneurs (PE; *Անհատ ձեռնարկատեր*). Under this arrangement, the PEs are responsible for paying their income tax and pension contributions.

At present, the Ministry of Labour and Social Affairs is revising the Labour Code to make it more flexible and to better protect the rights of the workers. However, no specific provisions are envisaged for platform work.

The interviews with GG Taxi and Menu.am showed that they do not consider the service providers (drivers or delivery staff) as their employees, as regulated under the Labour Code. The platforms argue that the boundaries of their operations are limited to providing a platform which makes it easier for service providers and consumers to meet each other. However, the public authorities take a different view of these issues which are resolved by negotiations or implicit agreement. The main point of disagreement is about the type of work carried out by the workers – whether it is considered as typical employment or occasional service delivery.

For example, the interviews showed that there was disagreement about the issue of the status of delivery personnel between the Ministry of Labour and Social Affairs and the State Revenue Committee on one side, and menu.am delivery platform on the other side. According to the public authorities, the work carried out by delivery personnel resembles traditional employment and should be governed by the Labour Code and employment contracts, and they should have the status of 'employees'. As justification for such a claim, they argued that the menu.am delivery personnel use the bikes and wear uniforms provided by the platform, and that the working conditions were almost identical to any other employment conditions. Menu.am, in turn, claimed that that delivery personnel with bikes provided by the company were only a small part of its overall staff (currently, they have no bikes at all) and that most of them are delivering services using their own cars. The platform also argued that the delivery personnel still have a certain degree of freedom as to whether to accept a delivery request or to reject it. Given the lack of common ground, it was agreed that the delivery personnel would register as PEs and pay 5% tax on turnover, while menu.am would take care of the accounting and taxes to be paid to the tax authorities. Under this arrangement, menu,am is paying taxes on behalf of the (still formally self-employed) delivery staff, which are still much lower than what they would have paid if they were engaged as employees (the income tax rate was 23% in 2020).

However, this does not seem to be the practice at other on-location work platforms, especially those intermediating taxi services. Although under the existing laws the drivers are required to provide an income declaration and pay income tax, there is no compulsory mechanism that would require them to submit an income declaration, nor a universal tax declaration system. Given the non-visibility of these non-tangible transactions, the fiscal bodies are unable to track them. As a result, most drivers work informally. A high level of informality is also present among remote platform workers.

MAIN CHALLENGES AND OPPORTUNITIES

Given the advantages of platform work and the current contexts of the labour market and skills development in Armenia, platform work can bring significant **opportunities**.

Firstly, platforms may be seen from a **job creation** perspective and as an opportunity to mitigate labour market challenges. Both unemployment and inactivity levels are high, particularly among the low-skilled. In this context, on-location work platforms can provide full-time or part-time employment opportunities for the lower-skilled workforce in cities. Secondly, activity on the platforms may be a source of **additional income**. Thirdly, as in other EaP countries, Armenia faces an oversupply of graduates and a lack of graduate-level jobs[41]. International freelancing platforms would offer **new open job markets for qualified workers**, often with rather competitive salaries. Moreover, as Armenia suffers heavily from outward migration and brain drain, opportunities (through platform work or other types of outsourcing) for highly skilled workers through well-paid work for foreign clients without having to emigrate could contribute to addressing these issues[42].

Easy access to global job opportunities could contribute to a **better match between the supply/demand and contribute to on-the-job skills enhancement**. Armenia has a significant skills' mismatch and a deficit of necessary skills among the workforce to fill certain vacancies. At the same time, some of the existing research on platform work suggests that platform work both improves skills acquired through deploying them and enables the acquisition of new skills that are needed in both the traditional and digital labour markets. This potential for skills acquisition from platform work would enhance workers' chances of finding employment in the future. Platform work constitutes an opportunity for **on-the-job development** of both transversal and occupational skills, especially if properly supported and recognised. This seems to be true not only for highly qualified freelancers, but also for microtasking[43] and on-location workers as well.

However, the further development of platform work as an option for accessible employment opportunities in Armenia also faces a number of **challenges**.

First of all, **new forms of employment are not visible in the public and policy discourse**, which prevents existing challenges from being tackled. Public services do not yet recognise workers engaged in new forms of employment as a target group for support, for example, related to upskilling or career development measures.

Secondly, despite substantial improvements in **connectivity and digital infrastructure**, which is important for the expansion of the digital platform economy, access to quality internet technologies is uneven, with underperformance in rural areas. The affordability of devices, broadband connection and its quality are still far from optimal[44].

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[41] Ermsone, D. (2019). Policies Supporting Youth Transition to Work in Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. European Training Foundation. p. 18.

[42] Novikova, O. S. (2018). Outsourcing as an opportunity option for labour migration. Bloomberg News.

[43] Lehdonvirta, V., Margaryan, A., & Davies, H. U. W. (2019). Skills formation and skills matching in online platform work: policies and practices for promoting crowdworkers' continuous learning (CrowdLearn).

[44] EU4Digital (2018). EU4Digital Broadband Development in EaP Countries Status quo and opportunities, December 2018. Retrieved from: https://prod5.assets-cdn.io/event/3461/assets/8454781759–2df2e81249.pdf

Thirdly, **a lack of skills** needed to use internet technologies is also reported as one of the major obstacles, in particular in rural areas[45]. Potential platform workers (both remote and on-location) must have at least the basic digital skills necessary to navigate online task search features and work organisation environments. In addition to this, successful platform workers need a range of occupational skills, transversal and personal competencies developed through formal education and training prior to commencing working life in the platform economy, as well as those developed on-the job[46]. Added to this, competition in international marketplaces for the highest-paid platform jobs requires a good command of **English**. As of 2020, in a global comparative study, Armenia was classified in the low English proficiency group[47].

Fourthly, the **existing labour and tax regulations** in Armenia are not sufficiently in line with the labour market and technological developments. Moreover, the existing regulations create unfair rules for those employed in the platform economy and lead to a lack of clarity, often pushing workers into **informal employment**. For example, a physical person who is driving a taxi on the platform is exempt from taxes, whereas if he drives the same car to deliver food he is considered by the tax authorities as a private entrepreneur with all the corresponding tax obligations. In addition, Armenia does not have an effective universal income declaration system. As a result, certain types of activities remain in the shadow economy, not because the economic agents are avoiding registration, but because the current set of contractual options do not reflect the nature of their operations. For example, even if delivery staff working on a platform register as a PE, for each delivery they will need to have a service contract according to the law. This does not adequately reflect the nature of economic transactions of platform work.

Finally, policy action in this area should build on evidence. However, **access to information on labour supply/demand is limited**, and this is also due to the platforms' lack of transparency. For example, little is known about the exact prevalence of different types of platform work, worker demographics and worker motivations in Armenia. Even though Armenia is not considered (by platform representatives and the media) as an important IT outsourcing country, such as, for example, Belarus or Ukraine, we found evidence of a significant number of Armenian workers on English language remote work platforms.

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[45] EU4Digital (2018). EU4Digital Broadband Development in EaP Countries Status quo and opportunities, December 2018. Retrieved from: https://prod5.assets-cdn.io/event/3461/assets/8454781759–2df2e81249.pdf
[46] Cedefop (2020). Developing and matching skills in the online platform economy: findings on new forms of digital work and learning from Cedefop's CrowdLearn study. Luxembourg: Publications Office. Cedefop reference series; No 116.
[47] Education First (2019). EF English proficiency index: A ranking of 100 countries and regions by English skills.

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