



# CASE STUDY ON THE FUTURE OF SKILLS IN THE ARMENIAN CONSTRUCTION SECTOR

The European Training Foundation (ETF) conducts case studies to identify future skills needs in selected sectors in partner countries, which are affected by many global drivers of change (technological change, innovation, globalisation, climate change, new regulations, etc.). An innovative research methodology was used in the studies, combining traditional quantitative and qualitative techniques with data mining of patents and scientific papers to capture technological trends. Previous sector studies have included agri-tech in Israel, the automotive sector in Turkey, agri-food in Morocco, the energy sector in Albania and Tunisia<sup>1</sup>, and the healthcare sector in Ukraine. Another previous study (with a different methodology) on platform work in the Eastern Partnership countries is also worth mentioning<sup>2</sup>.

The study will document the changing labour demand in the construction sector and the new skills needs at company level. The new evidence will be presented to sector representatives and country stakeholders responsible for education, training and occupational standards.

## METHODOLOGY:

The approach adopted reflects upon past trends but, at the same time, places a particular emphasis on identifying signals that reveal something about emerging or future skill demands. In order to satisfy the aims of the study a multifaceted methodology was developed, based on conventional approaches to skills anticipation and exploiting the opportunities afforded by data science. This comprises the following steps<sup>3</sup>:

- **background analysis** using well-established methodologies derived from social science, including:
  - a literature review; and
  - secondary analysis of employment and skills data
- **data science (big data analysis):**
  - text mining applied on a large volume of documents such as patents or scientific publications germane to the sector to iden-

- 1 See ETF (2021), The future of skills: A case study of the agri-food sector in Morocco, [www.etf.europa.eu/en/publications-and-resources/publications/future-skills-case-study-agri-food-sector-morocco](http://www.etf.europa.eu/en/publications-and-resources/publications/future-skills-case-study-agri-food-sector-morocco); The future of skills: A case study of the automotive sector in Turkey, [www.etf.europa.eu/en/publications-and-resources/publications/future-skills-case-study-turkish-automotive-sector](http://www.etf.europa.eu/en/publications-and-resources/publications/future-skills-case-study-turkish-automotive-sector); The Future of Skills: A case study of the agri-tech sector in Israel, [https://www.etf.europa.eu/sites/default/files/2020-11/future\\_of\\_skills\\_agri-tech\\_sector\\_in\\_israel.pdf](https://www.etf.europa.eu/sites/default/files/2020-11/future_of_skills_agri-tech_sector_in_israel.pdf)
- 2 See Platform work in the Eastern Partnership countries, [The future of work – New forms of employment in the Eastern Partnership countries: Platform work | ETF \(europa.eu\)](http://www.etf.europa.eu/en/publications-and-resources/publications/future-skills-case-study-turkish-automotive-sector)
- 3 For more detailed information, see ETF (2021), Case studies on the future of skills: Methodological note for conducting case studies, ETF, Turin, [Skills for the future case studies, methodology | Open Space \(europa.eu\)](http://www.etf.europa.eu/en/publications-and-resources/publications/future-skills-case-study-turkish-automotive-sector)

tify drivers of change, emerging technologies and skills, enhanced by additional data sources

- **fieldwork with employers and stakeholders**
  - a focus group with key stakeholders representing the sector and education and training system
  - semi-structured interviews with employers to capture information about how technological change affect skills demand and trends
- **validation of the findings**
  - a focus group with key stakeholders where the findings from the study are presented and feedback is obtained which can be used in the final report.

## RESEARCH TEAM:

Fondazione Giacomo Brodolini and ErreQuadro are working with ETF to conduct the case studies. A group of international and national researchers from the case study countries are brought together for this project in addition to the ETF's team of experts.

## CONSTRUCTION SECTOR IN ARMENIA:

The construction sector in Armenia has played a key role in the country's recent economic history. Like many countries in the period, it underwent huge growth in the 2000s, to the extent that it became a domestic construction bubble. This bubble burst in the 2008 global credit crunch, accelerated by a drop in global remittances, which exposed the country more severely to the global downturn. Almost a decade of decline and stagnation followed, until in 2017 the sector started to rebound. As of 2018<sup>4</sup> the construction sector accounted for 9.4% of employment, this makes it the 5th biggest in Armenia, after Agriculture, forestry and fishing (25.4%), Education (10.1%) Trade & Repair (11.1%), and Manufacturing (9.9%). The sector accounts for 7.3% of GDP, again the 5th biggest sector in Armenia after, Agriculture, forestry and fishing (15%), Trade & Repair and Manufacturing (12.4% each) and (the much associated) real estate (8.7%).

The sector is highly gender segregated with only 1% of workers being women<sup>5</sup>. From 2016 to 2018, es-

timates according to the Armenian statistics agency recorded that employment in the sector increased from 13,900 to 18,100 (although under a broader definition the ILO estimates the change to be 37,500 to 98,400 persons)<sup>6</sup>. This is the largest employment growth of any sector in the same period. The impact on employment in the sector from Covid-19 pandemic was large, mainly due to its high dependence on low skilled work and obvious in-person work requirement. In April 2020, construction was down 50% on April 2019, this partially recovered after lockdown restrictions were lifted, but it has yet to correct the prior growth trends seen in the period 2015 – 2019<sup>7</sup>.

Construction projects are most common in Armenia's capital and largest city, Yerevan. In recent years such projects have increased again after peaking in 2008. In the years 2005 - 2015 more than 2.6 million square metres of housing were built in Yerevan, this was six times more than the period 1991 – 2004<sup>8</sup>. The construction sector is an appealing source of economic growth for a country otherwise focused on mining, trade and agriculture. Demand for newly built real estate is fuelled by the wealthy Armenian diaspora and domestic high-income groups. A concurrent rise in construction organisations has also occurred.

In summary, the Armenian construction sector has risen to become one of the economy's most important sectors in recent decades. It occupies a significant share of GDP, and employment, and saw large growth in the 2000s as well as a recent resurgence. The pandemic has caused a severe contraction in the sector, although there are signs that the sector has begun to improve quicker than expected, largely thanks to the absence of any further lockdowns. It is in this context of surging growth that meeting skills demand is a priority.

## ENGAGEMENT OF NATIONAL STAKEHOLDERS:

It is essential that national stakeholders provide inputs and insights about the sector and its changing skills needs. Key national stakeholders, including the Ministry of Territorial Administration and Infrastructure, the Ministry of Education, Science, Culture and Sport, the Ministry of Labour and Social Affairs, the National Centre for VET development, sectoral associations and others, will be engaged in stakeholder workshops and field research interviews.

4 ILO, 2020. Rapid assessment of the employment impact and policy responses of the COVID-19 pandemic on Armenia [https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-moscow/documents/publication/wcms\\_762029.pdf](https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-moscow/documents/publication/wcms_762029.pdf)

5 ibid

6 ARMSTAT (2020). Statistical Yearbook of Armenia – Construction. <https://www.armstat.am/file/doc/99520948.pdf>

7 ILO, 2020. Rapid assessment of the employment impact and policy responses of the COVID-19 pandemic on Armenia [https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-moscow/documents/publication/wcms\\_762029.pdf](https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-moscow/documents/publication/wcms_762029.pdf)

8 ARMSTAT (2020). Statistical Yearbook of Armenia – Construction. <https://www.armstat.am/file/doc/99520948.pdf>

While the analysis of existing sources and Big Data are important, the contribution of country and sector experts remains vital if the reality on the ground is to be fully grasped. The ETF will complement its knowledge of the network with national counterparts in order to identify the stakeholders to be consulted throughout the project implementation.

#### TIMETABLE AND ACTIVITIES:

The study on the construction sector in Armenia started in March 2022. A kick-off workshop with relevant stakeholders and in-depth interviews with construction companies are planned in May 2022, after which the results of the study will be presented to main stakeholders in a validation webinar and a country report will be published in autumn 2022. Due to the Covid-19 outbreak and the consequent travel restrictions/ containment measures put in place, the fieldwork will be undertaken using online tools.

Key milestones include:

- **Background study** on the key features of the construction sector in Armenia, supported by Big Data analytics (March-April 2022)

- **Online workshop with key stakeholders** to introduce the study on the Armenian construction sector and its skills needs, agree on the scope and receive inputs for its next stage (May 2022)
- **Field work and interviews** with selected companies and stakeholders (May-June 2022)
- **Draft country report** on the results of whole study (June 2022)
- **Validation webinar** to present and discuss the key findings of the Armenian construction sector study with main stakeholders (June-July 2022)
- **Finalisation and publication** of the country report (September-October 2022)

#### MORE INFORMATION:

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