

Strengthening Evidence-Based Management of Labour Migration in Armenia
«Հայաստանում աշխատանքային միգրացիայի գիտավերլուծական կառավարման հզորացում»

Policy Brief

Համառոտագիր



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New Opportunities for Development of Recruitment Business: Cooperation & Competition



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Intermediaries Spearheading Growth

In recent years the service sector of Armenian economy has recorded growth: the volume of services at current prices increased 1.5 times in 2011, in comparison with 2007. This growth refers to services provided in all areas, from education and health to tourism and recruitment. The average volume of services per resident increased for around 20% in 2011, compared with 2009. The growth in the volumes of services is adequately reflected in the GDP of Armenia. For instance, in 2006 services comprised 36% in the GDP, whereas in 2011 it was already 45%. This can be an indicator that the service sector is gradually improving, meanwhile bringing up new challenges. This development has a specific impact on intermediaries in various areas of the market. The effects of the development push them to considerably increase the quality of the services they offer. In parallel, they shape and refine new and old skills. Still, though the number of people using more services is increasing, the providers continue facing numerous difficulties, which challenge them to function more effectively in the market.

Parallel Tracks, Common Challenges, Shared Experience

According to the World Bank, the demand for services is on the rise, as with the increase in income, people become less concerned about satisfying their basic material needs. In the consumer sector, this leads to an increasing demand for services, such as health, education and entertainment. Business companies start to recognize that many activities can be handled more efficiently by a service provider. Outsourcing some services allows a business to concentrate on core activities that are critical to its success, including sales and marketing, hospitality, accounting, human resources, finance and product development. Tour operators and recruitment intermediaries are among the service providers which Armenian businesses have started to acknowledge as outsourcing destinations. Moreover, these two categories of service providers are among the main clusters having contributed to the sector growth and development.

Recruitment agencies represent the entry point into the labour market for many people; they serve as intermediaries between jobseekers and employers. Armenian recruitment agencies mainly operate in the local market, with only few of them having some connections with the international market representatives, and these are often limited to the CIS market. This results in lack of advanced communications skills and practices, which can be one of the reasons why Armenian recruitment agencies have not built up strong partnerships in the international market.

In order to improve access to the international labour market and enhance the labor market development locally, it is important to increase the role and capacities of the recruitment agencies. This can also promote the process of regulating irregular migration and transforming it into circular migration through legalizing the process. The significance of this statement cannot be overestimated. As a matter of fact, 94% of Armenian emigrants in the recent years have been migrant workers: at least one member in every sixth household in Armenia is a migrant worker. Since the pressing majority of migrants leave for abroad either with the support of their social networks or through the mediation of a third person, the recruitment agencies can play a huge role in regulation of this process and support the migrants abroad.

Unlike recruitment, the tourism sector is considerably young. Despite this fact, it has recorded rapid development in recent years. Cooperation and communication with the international market is frequent, and actually these are crucial factors for their business growth. In an increasingly globalizing world the tour operators (TO) have to be in a state of constant development, honing their communication skills, as well as the quality of the overall services, in order to be able to compete on effective grounds in the operating market. The main factor of their fast growth can be considered the tough competition in the



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market, which forces them to constantly update their tour packages, come up with new ones, to have seasonal hot offers, and gradually expand into new markets (destinations) for operation.

While both service clusters deal with a large number of people, there are huge differences in the quality of their services. TOs seem to be more prepared and experienced in dealing with the global market, than the recruitment agencies, though the latter are willing to expand their capacities and open new labour market segments for them to operate. However, the recruitment agencies are not yet adapted to reach out to the field of external labour migration. This can perhaps be explained by their limited capacities and insufficiency of necessary skills, such as identifying job opportunities abroad and developing cooperation with competent partners in the international market. As a result, the operating scale of the recruitment agencies is limited to the domestic market and in-country labour migration. Meanwhile, it is becoming urgent for the recruitment agencies to take steps toward entering the international labour market, because it has a demand for migrant labour and Armenia is a source of such labour. The recruitment agencies entrance to the international market will be beneficial not only for them, but also for the development of the whole domestic market.

Learning from Each Other: Tour Operators as Pathfinders in Intermediary Services

In this situation the experience of the tour operators and their sector in general can be an example and a starting point for the recruitment agencies to strengthen their role in the domestic market as well as to expand their skills and enter international labour market. Tour operators can share with recruitment agencies at least three areas of expertise, such as facilitating access of Armenian citizens to foreign countries, building partnerships with international operators and engaging in effective communication with international partners. Tour operators have been compelled to improve the quality of their services, as exposure to relevant practices internationally has provided a sufficient tipping point for change. Similarly, access to the international market will benefit recruitment agencies in multiple ways.

For instance, in the first area of expertise, facilitating access of Armenian citizens to foreign countries, the experience of tour operators in dealing with consular services of different countries, especially the EU members, can be a good starting point for the recruitment agencies to assist Armenian jobseekers in accessing the international labour market. It is particularly important to organize experience sharing meetings with the consular service representatives and the service providers who are dealing with a large number of people, especially tour operators and recruitment agencies. It is obvious that such meetings can provide a Win-Win outcome, where practitioners benefit from each other.

The recent meetings of consular services of some EU countries with tour operators and recruitment agencies make it obvious that consular services highly value the role of intermediaries. Their interest is not limited only to some enquires or discussions; they are looking for ways to develop the practices of the consular services with the intermediaries, for example incorporation of the accreditation system. During such meetings the consular services can gain more practical knowledge about the benefits and obstacles the service providers face while contacting the former. On the other hand, service providers have an opportunity to address their questions directly to the representatives of the consular services. The more frequent communication with the latter can potentially be viewed as another possibility for service providers in increasing the quality of services they provide or are willing to provide in the international market.

However, first and foremost, it is necessary to create an opportunity for Armenian tour operators and recruitment agencies for developing a healthy dialog between each other, which will result in an experience exchange and enhancement of the service sector. This dialog can be held through organizing frequent meetings, round tables, trainings between tour operators and recruitment agencies, where through consolidating and providing information it will be possible to build the capacities of the recruitment agencies and develop skills for necessary networks establishment.

This paper has been developed based on the opinions passed by the participants of a round table discussion, titled "Polish consular services, PEAS and tour operators Joint Workshop", organized within the framework of the project "Strengthening Evidence-Based Management of Labour Migration in Armenia". The event took place on September 12, 2012. The roundtable was attended by independent analysts, government officials, and representatives of the international organizations. The project is financed by the European Union.