Analysis and Comparison of Indicators of the Living Standard: Case of Armenia

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Анализ и сравнение показателей уровня жизни. Пример Республики Армении

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Аннотация. Уровень жизни населения – очень широкое понятие и может быть описан по-разному в разных литературных источниках. Несмотря на то, что уровень жизни населения имеет множество штампов, он считается показателем, дающим четкое представление об экономической деятельности страны, социальной, образовательной и культурной сферах. Понятие уровня жизни населения может содержать ряд различных показателей, прямо или косвенно характеризующих уровень благосостояния населения в данной стране. Важно изучить эти показатели один за другим и рассмотреть принцип их достоверности и измеримости.
Данная научная статья направлена на выявление основных показателей, характеризующих уровень жизни населения и сравнение их с аналогичными показателями Республики Армения.
Ключевые слова. Уровень жизни, основные показатели, благосостояние, рынок труда, система высшего образования

Կենսամակարդակի ցուցանիշների վերլուծություն և համեմատություն. Հայաստանի Հանրապետության օրինակով

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Ամփոփում. Բնակչության կենսամակարդակը շատ լայն հասկացություն է և գրականության տարբեր աղբյուրներում և տարբեր հեղինակների կողմից տարբեր կերպ է մեկնաբանվում: Չնայած այն հանգամանքին, որ բնակչության կենսամակարդակն ունի բազմաթիվ բնորոշումներ, այն համարվում է երկրների տնտեսական ակտիվության, սոցիալական, կրթական, մշակութային ոլորտների հստակ պատկերը տվող ցուցանիշ: Բնակչության կենսամակարդակի հայեցակարգը կարող է պարունակել մի շարք տարբեր ցուցանիշներ, որոնք ուղղակիորեն կամ անուղղակիորեն բնութագրում են տվյալ երկրի բնակչության բարեկեցության մակարդակը: Կարևոր է մեկ առ մեկ ուսումնասիրել այս ցուցանիշները և դիտարկել դրանց հուսալիության և չափելիության սկզբունքը:
Սույն գիտական հոդվածը միտված է բացահայտելու բնակչության կենսամակարդակը բնութագրող հիմնական ցուցանիշները և համեմատելու դրանք Հայաստանի Հանրապետության համանման ցուցանիշների հետ:
Հանգուցաբառեր՝ Կենսամակարդակ, հիմնական ցուցանիշներ, բարեկեցություն, աշխատաշուկա, բարձրագույն կրթության համակարգ

When analyzing the economies of countries, several important macroeconomic indicators are mainly discussed, such as GDP level, inflation rate, living standards of the population, unemployment rate, etc. Each of them has its own importance and main features of calculation. One of the most important indicators is population's standard of living. In order to clearly visualize the meaning of that term, it is first necessary to identify the indicators characterizing the living standard of the population and living standards and well-being.

Living standards and living standards and well-being is a broad concept and each person can understand and interpret it differently. We can distinguish two main options for obtaining data on living standards and living standards and well-being: individual surveys in different circles of people and collection of predetermined data using statistical methods.

In the first case, the information received from people about their living standards and well-being is mostly emotional in nature and sometimes uncountable, in some cases it can also be exaggerated, but as a rule, they show a more realistic picture because they can refer to details about their life and living standards and well-being during the surveys.

Whereas statistical data are based on a few specific indicators for society as a whole, which provide a more general picture of living standards and well-being.

Considering the advantages and disadvantages of both methods, it can be concluded that the combination of these two methods creates a new opportunity to define a clear system of indicators characterizing the concept of living standards and well-being .

Human well-being is measured from a subjective living standards and well-being (SWB) approach. SWB refers to the well-being as declared by a person. It is based on a person's answer to either a single question or a group of questions about his/her well-being. It is a self-reported measure of well-being.

SWB is the well-being as declared by a person; hence, it is a measure of a person's living standards and well-being that incorporates all life events, aspirations, achievements, failures, emotions and relations of human beings, as well as their neighboring cultural and moral environment. Hence, SWB differs substantially from alternative well-being concepts that are inspired on academic-discipline approaches. The academic-discipline concepts, such as economic well-being, psychological well-being, political well-being, and so on, are inherently incomplete because they are based on an analytical theory of knowledge. Thus,

they cannot entirely capture the well-being of a human being [1]. SWB constitutes an enhancement in the understanding of human well-being because it provides a direct measure of the living standards and well-being of a person.

A person's living standards and well-being necessarily implies a subjective appraisal, because it is based on a person's assessment of his life. Academic disciplines such as economics have always stressed the use of objective measures of living standards and well-being for the sake of objectivity itself. However, from a SWB point of view, objective indicators of well-being can be deceiving, because well-being is inherently subjective. Besides, objective indicators, being chosen by researchers and public officers, are based on subjective, arbitrary, and somewhat paternalistic criteria. In addition, objective indicators do tend to impose the same standards to everybody, while SWB does not face this problem, allowing for heterogeneity across persons in this respect. Transdisciplinary approach Academic disciplines focus on partial aspects of a person's life, since they do not really use the human being as their unit of study. SWB measures a person's well-being and not the well-being of an academically constructed agent. Thus, it is difficult to seize the complexity of SWB measures from any single discipline, and a transdisciplinary, or at least an interdisciplinary approach, is preferred [2]. Subjective well-being indicators can be generally presented as follows:

✓ Demographic and social variables: education, age, gender, civil status, religion, family composition, health condition, occupation and working situation;

✓ Economic variables: current household income,11 consumption expenditure, access to public services, size of house, and possession of durable commodities;

✓ Subjective well-being: a seven-options happiness-with-life scale is used. The following are the scale's answering options: extremely happy, very happy, happy, somewhat happy, neither happy nor unhappy, unhappy, and very unhappy. Happiness was handled as an ordinal variable, with values between one and seven; where one was assigned to the lowest level of happiness and seven to the highest; [3]

✓ Life domains: a large set of questions was used to inquiry about satisfaction in life domains. Six life domains were constructed on the basis of principal component techniques: health satisfaction, material/consumption satisfaction, job satisfaction, family satisfaction, interpersonal/friendship relations, and personal satisfaction;

✓ Perception variables: the survey inquired on perceptions about poverty, social class, capacity

of income to satisfy material needs, and economic living standards and well-being ;

✓ Conceptual referent for happiness: the survey also asked about the conceptual referent to the happiness question [**4**].

We can distinguish the following groups of socioeconomic indicators of living standards and well-being.

Table.1 *Socioeconomic indicators of living standards and well-being* [**5**]

N	TYPE OF INDICATORS	MAIN INDICATORS
1	Economic	✓ Household income ✓ Employment ✓ Unemployment ✓ Financial hardship ✓ Household wealth ✓ Personal income ✓ Working hours ✓ Job satisfaction ✓ Inflation rate
2	Home	✓ Overcrowding ✓ Housing affordability ✓ Homelessness
3	Health	✓ Life expectancy ✓ Self-reported health status ✓ Disability ✓ Smoking behavior ✓ Mental health ✓ Overall life satisfaction/happiness ✓ Exposure to air pollution ✓ Climatic variability and climatic change ✓ Time devoted to leisure and personal care ✓ Leisure activities
4	Empowerment	✓ Usability ✓ Voter turn-out
5	Education and skills	✓ Educational attainment ✓ Cognitive skills ✓ Those not in education, employment or training
6	Social and community	✓ Social network/support ✓ Volunteering ✓ Trust in government ✓ Feeling of loneliness ✓ Relationship with partner ✓ Feeling a sense of belonging to their neighborhood Accessing natural environment/outdoor activities ✓ Engagement with/participations in arts and cultural activities
7	Safety	✓ Feeling safe ✓ Self-reported victimization ✓ Crimes against people

It is necessary to analyze some of the indicators listed above

Economic. In the works, materials and scientific articles of different authors, the term economic living standards and well-being has many different definitions and different measurement parameters there is no single common indicator. According to some authors, economic living standards and well-being has the following components: income, consumption, wealth, according to others, it includes a certain part of GDP, but GDP does not fully indicate living standards and well-being, because it does not characterize their lifestyle.

Income (household and personal income). Personal income can be used to support current

consumption, such as food, clothing, education, housing or leisure activities. Income can also be saved and invested to increase wealth which can be used to support consumption in the future. Household income is categorized as having high usability, while personal income has medium usability. This is because household income is discussed in the key frameworks more frequently and is relevant to more stages of the life cycle than personal income, which may only be relevant for those of working age. Household income measures also assume some sharing of income across members of a household, which is more appropriate when measuring wellbeing, as this is how families normally operate. In older adult frameworks, the discussion of income also typically includes the age pension and superannuation [**5**].

According to the definition of the Statistical Committee of the Republic of Armenia, the indicators of economic living standards and well-being are: [**6**]

✓ Average monthly nominal salary (In 2021, it was 204 048 AMD)

✓ The average amount of the assigned monthly pension (In 2021, it was 43 677 AMD)

✓ Assigned actual monthly average pension compared to the previous year (In 2021 it was 99.3 %)

✓ Life expectancy year since birth (In 2021, it was 72.4 years).

It is also important to introduce the GDP index (GDP per capita concert in 2020 in January-December amounted to 2 087 342 AMD (4 269 USD or EUR 3,739), unemployment rate (in 2021 it was 17%), and inflation rate (in 2021 it was 7.7%) in the Republic of Armenia in 2021.

Health. Health is one of the most important factors determining the standard of living of the population. If we look from the perspective of subjective living standards and well-being, health is an important factor because if a person has health problems, he does not consider himself fully happy, and it affects his lifestyle. Therefore, it is necessary to carry out more studies on how the health factor affects the living standards and well-being of the population.

The following are measurable indicators of health:

✓ **Life expectancy** (life expectancy in Armenia is 76.5 years in 2019)

✓ **Disability** (the number of persons with disabilities in Armenia is 194,640 people as of 2021)

✓ **Smoking behavior** (As of 2021, 28 percent of the adult population in the Republic of Armenia are smokers)

✓ **Exposure to air pollution** (2021 pollution of the city's atmosphere (according to air pollution 4 of substances) is below the average level - the air pollution index is 2.14 (dust: 1.15, sulfur dioxide: 0.34, nitrogen dioxide: 0.61, near the ground ozone: 0.05) [**7**].

Education and skills. Education is perhaps one of the most important factors of the population's living standards and well-being, because it can have a direct impact on the population's standard of living, either contributing to its increase or, on the contrary, lowering it. It is especially about higher education, because mainly thanks to professional education, people are able to find a job and ensure their own living standards and well-being . The important indicators of education are:

✓ number of people with higher education (In 2021, 15.4 thousand specialists were trained higher education in institutions)

✓ the number of employees with higher education (In 2021, 352.3 thousand of the total employed in Armenia have higher education)

✓ average salary level by higher education and by professions (In 2021, the average monthly nominal salary in Armenia was 204,048 drams)

✓ level of demand for higher education and various professions

Here it is also important to refer to such an indicator called the Human Development Index. The Human Development Index (HDI) is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and have a decent standard of living. The HDI is the geometric mean of normalized indices for each of the three dimensions.

The health dimension is assessed by life expectancy at birth, the education dimension is measured by mean of years of schooling for adults aged 25 years and more and expected years of schooling for children of school entering age. The standard of living dimension is measured by gross national income per capita. The HDI uses the logarithm of income, to reflect the diminishing importance of income with increasing GNI. The HDI can be used to question national policy choices, asking how two countries with the same level of GNI per capita can end up with different human development outcomes. These contrasts can stimulate debate about government policy priorities.

The HDI simplifies and captures only part of what human development entails. It does not reflect on inequalities, poverty, human security, empowerment, etc. The HDRO provides other composite indices as broader proxy on some of the key issues of human development, inequality, gender disparity and poverty [**8**].

In addition, the role of higher education is very important to achieve export development - to have highly qualified outward-oriented business managers. Furthermore, the composition of exports of Armenia illustrates the following structural weakness in international integration: there is a gap between Armenia's endowment in skilled labour and its content in Armenia's export offer [9]. In Armenia, public investment has been on low level relative to GDP, mainly because of lack of capacity of implementation of the projects [10]. Currently, new reforms of higher education are underway in RA, which are implemented by the state and significant state investments will be made. It is recommended that these investments be made in the direction of training specialists in highly productive sectors of the economy. As the results show, fiscal, monetary and investment policies' reaction is needed to overcome this shock and recover the economic growth faster [11].

Conclusion. An analysis of the main and important indicators of living standards and well-being makes it possible to clearly imagine which of them really characterize people's lifestyle, because, as we have seen, there are two clearly delimited groups of indicators: indicators that are more emotional such as indicators of subjective living standards and well-being. These indicators are very individual, that is, they depend on the status of a single person. These emotional indicators are also, as a rule, uncountable, but this does not reduce their importance and it is necessary to take into account when determining the level of living standards and well-being. The second group of indicators such as socio-economic education health security are more defined and largely quantifiable. Referring to Armenia, we can note that during the work we managed to find most of the two groups of indicators, but it is important to note that there are many gaps, especially in terms of subjective living standards and well-being indicators, and it is necessary to conduct large-scale surveys among different strata and groups of the population in the near future and try to obtain a total of these indicators image, as a result of which the multi-factor indicator of the level of living standards and well-being in Armenia can be more clearly obtained.

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