

## THE CRISIS OF SMALL TOWNS IN ARMENIA: TERRITORIAL PECULIARITIES AND TRANSFORMATIONS OF THE REGIONAL SETTLEMENT SYSTEM

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### Abstract

The article summarizes the results of a sociological survey conducted in 2024, as well as official statistical data on the manifestations of the crisis in the regional cities of the Republic of Armenia. The quantitative study was conducted to identify public perceptions of the situation in the enlarged communities of the Republic of Armenia. Based on the analysis, the authors note that the partial deindustrialization of small towns of the Republic of Armenia, which occurred as a result of ineffective public policy, led not only to an economic crisis, but also to a certain spread of ruralism in them. The public policy of enlarging communities of the Republic of Armenia has created new risks in this regard, continuing to reproduce social and spatial inequality between them and the capital and increasing the vulnerability of small urban settlements.

**Keywords:** *deindustrialization, small town, urbanization, rurality, crisis, community enlargement, infrastructure.*

### Introduction

The change in the geopolitical, social and demographic situation, the organization of interaction between state, regional and local government bodies, and the transformation of economic relations necessitate the study of Armenian cities in general, including small ones.

The relevance of the study is primarily due to the fact that small towns are an important element of the urban framework of settlement in Armenian regions, which close the network of rural settlement. Small towns as regional centers are the core of

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solving many problems of social and economic development of rural areas; their dispersion allows for the management of a vast territory, solving social and economic development problems in the entire region. In the context of the formation of market relations, the shortcomings of small towns, inherent in them as a type of settlement, have become even more acute (Olczak and Hanzl 2025; Bański, Kamińska and Mularczyk 2023).

Crisis in everyday thinking is viewed from a strictly negative perspective. It is presented as a great and lasting threat, a profound disruption of order. In essence, crisis creates chaos, a situation where “all events are equally possible” (Mkrtichyan 2008, 19). Unregulated social processes lead to uncertainty in public life and existential dangers.

In the field of theoretical thinking, a crisis is a period characterized by the collapse of the existing order. From the point of view of chaos theory, it is a regular stage of the development of systems, a necessary transitional period, a bifurcation zone. The system can exit this zone either by increasing its own complexity and improving its orderly organization (progress), or by reducing the degree of that complexity as a result of orderly losses (regression). The real possibility of a regression in development is the basis for a negative assessment and evaluation of crises. However, in the case of a social order, the way out of a period of disruption also depends on the evaluator, on the volume and effectiveness of his efforts. Their sufficient implementation can lead to social progress, and in this case the crisis will become the basis for further upward development (Curtis et al. 2025). Therefore, much depends on the social subject.

Considering the crisis situation in Armenia with this approach, it should be noted that there are still opportunities for progress in public life. If we correctly diagnose the causes of the crisis, we can find appropriate solutions. The foundations of the current problems were laid decades ago, when the crisis of the USSR created the opportunity for political independence. Armenia took advantage of that opportunity. But the crisis was also economic: it was necessary to build a new economic system. On the way to building, there were huge losses, which were partly due to objective circumstances, and partly to subordinate mistakes and crimes.

First, the establishment of the private property class was largely due to the expansion of commercial capital. At the same time, the economic capital of the wealthy importers increased disproportionately. And the Armenian importers were backed by foreign capital pursuing their own interests. These interests often contradicted the imperative of developing local production in Armenia. Through some representatives of Armenian importers, foreign capital invaded the state and political sphere of the Republic of Armenia in order to influence state policy in favor of their own interests and exploit Armenia solely as a market for their own products. A telling example is the closure of the industrial giant “Nairit”. The consequence was the deindustrialization of our country, which led to a sharp reduction in the goods necessary for organizing exports in accordance with the volumes of imports, the elimination of a large number of jobs created in industrial Soviet Armenia. In order to overcome the financial imbalance between imports and exports and somehow survive, we export labor instead of goods, in order to close the gap between imports and exports at the expense of the financial resources sent to Armenia by Armenians working abroad. An exodus of the

Armenian population began and continues to this day, which negatively affects both the internal (civic activism) and external (national security) strength of our country. Deindustrialization also reduces the quality of the country's urbanization.

The urbanization process is closely related to the scientific and technical progress underlying industrialization on the one hand, and to the modernization of social relations on the other. The undermining of this process is clearly manifested in the context of the deindustrialization of small towns in Armenia. Collapsed industrial enterprises, unemployment, emigration, disruption of the urban lifestyle, cultural life, distortion of the architectural appearance of cities, etc. Taking all this into account, we can speak of the crisis situation of small towns in Armenia. Ruralism has spread to these towns (Chigbu 2013, 815), in the behavior of citizens, leisure, forms of economic management, and employment structure. Partial destruction of urban infrastructure (water supply, centralized heating, sewage, asphalted streets, city parks, stadiums, etc.) can be observed in almost all small towns. Even the capital Yerevan has not been spared from such a decline in the quality of urban life.

Research results: During the Soviet era, the urban development norm was to have a population of at least 12,000, of which at least 85% were employed in the urban economy, not agriculture. In that case, the settlement could receive the status of a city. The city had to have cultural (e.g., theater) and sports (e.g., stadium), and in some cases, scientific and educational (e.g., university) infrastructure. As of April 1, 2023, in addition to the capital Yerevan, 48 other settlements in the Republic of Armenia have the status of a city, half of which do not meet the above norm (ANIARC 2024). The smallest of them is Dastakert in Syunik province, where only 300 residents are counted. The compliance of many regional cities, which make up the other half, with the Soviet norm in terms of employment is problematic.

We can understand the state of Armenia's cities three decades after independence from the data presented in Table 1, using the example of the Syunik region of the Republic of Armenia, which has a relatively high percentage of urban population and hired workers (85.7%).

**Table 1. Basic statistical data of Syunik region, 2019-2023**

	2019	2020	2021	2022	2023
The number of permanent residents of the region as of the end of the year, 1,000 people	137.3	135.8	134.7	114.4	116.4
including urban	93.2	91.8	90.7	76.9	78.3
rural	44.1	44.0	44.0	37.5	38.1
Labor resources, 1,000 people	96.5	94.4	94.7	102.9	85.4
of which: employed	56.7	58.4	62.2	65.2	51.0
unemployed	10.0	8.8	6.7	8.5	6.5
Number of primary health care facilities	17	17	17	16	16
Number of registered crimes	783	744	896	977	1 411
Number of preschool institutions	51	56	55	53	53
Number of secondary schools	117	117	117	117	117
Number of state specialized theaters	2	2	2	2	2
Number of operating museums	4	4	4	4	4
Number of sports organizations	12	12	11	11	11

*Source: ARMSTAT 2024b (2022-2023 - according to the current population census data 2022).*

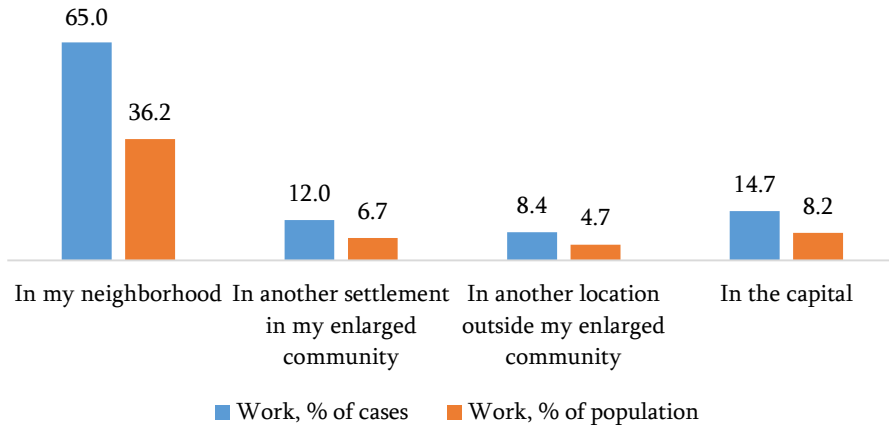
As we can see, a number of indicators characterizing urban life are showing a decline. In particular, the reduction in the number of urban population in 2019-2023, the decrease in the number of employed people, the almost doubling of the number of crimes, the decrease in the number of primary health care and preschool institutions indicate the presence of crisis phenomena in regional cities. The problem is further complicated in the context of the enlargement of communities implemented in the Republic of Armenia. Currently, 64 enlarged communities have been formed in all regions of the Republic of Armenia, of which Kotayk region has the largest share (17.2%). Kotayk is followed by Lori (14.1%), Aragatsotn, Armavir and Syunik regions (all three 10.9%). Ararat and Tavush regions have the fewest enlarged communities (4 communities each or 6.3% of the total number of communities). By attaching several rural communities to regional urban communities, prerequisites have been created in enlarged communities for the disruption of urban lifestyles and the spread of rurality, social ties and behavioral patterns typical of villages.

The sociological survey conducted in 2024, 63.8% of respondents indicated that their household members receive medical care in their own place of residence, while 66.7% indicated that they have to go to another place of residence<sup>1</sup>. 19.5% of respondents indicated that their family members work in another place of residence (see Figure 1), only 38.6% declared their affiliation with any labor collective, which is also an indicator of the spread of ruralism. And ruralism in Armenia is also in crisis (Vermishyan et al. 2022), which leads to emigration. In the context of remittances from abroad, the most frequently mentioned source of income was Gegharkunik region (23.3% of respondents), followed by Lori and Shirak regions (17.6% and 16.3%, respectively).

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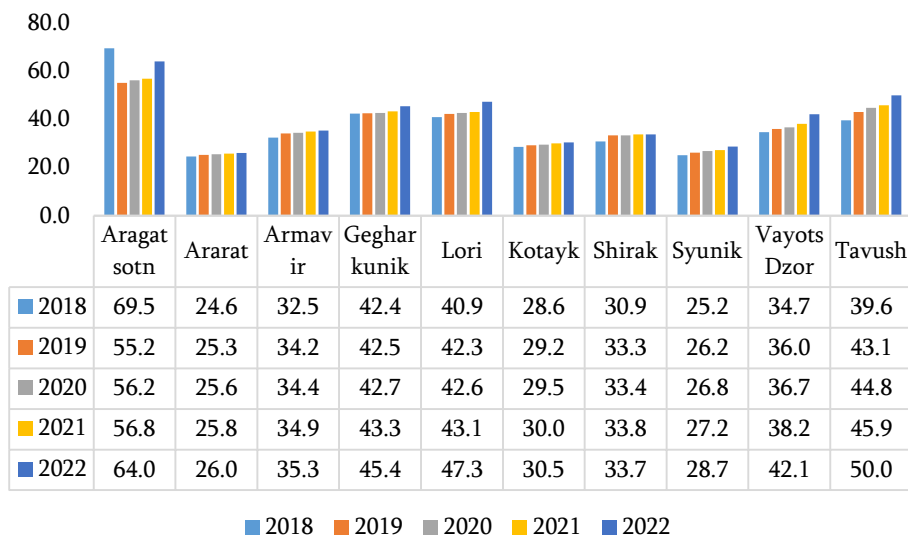
<sup>1</sup> A multi-stage random sample was constructed to carry out the research, covering all regions of the Republic of Armenia. In the first stage, a stratified proportional sample was constructed according to the permanent population of the regions of the Republic of Armenia, then a cluster sample was formed on its basis, setting the size of each cluster at 14. Taking into account the randomness of the sample, as well as the information gap regarding the variations of the variables under study due to the lack of previous similar studies, a design effect coefficient of 1.55 was chosen to calculate the sample size, which is within the range (1.5-2) widely used for constructing such samples. As a result, the size of the simple random sample obtained by assuming a 95% confidence level, a 5% margin of error, and a 50% prevalence of the phenomenon under study and the size of the sample formed through the design effect is 600. The sampling unit is the household (H/H), from which the selection was carried out using the fixed step method. One member from each household participated in the survey. Thus, 600 residents of 19 enlarged communities in the regions of Armenia participated in the survey.

Figure 1. Work-related mobility among the population of enlarged communities



The problem of housing security in urban areas of the RA regions also remains unresolved. According to the data of the RA Statistical Committee, there were no significant changes in this issue during 2018-2022 (see Figure 2) (ARMSTAT 2019, 2020, 2021, 2022, 2023, 2024a).

Figure 2 Housing affordability in urban areas



Such a situation causes a flow of regional population to Yerevan, where housing construction has reached a large scale in recent years. The hyperurbanization of Yerevan, caused by the continuous flow of population from underdeveloped settlements, in the conditions of the limited infrastructural capacity of the Republic of Armenia, disrupts the stable functioning of these settlements. Uncontrollable processes of hyperurbanization, in the context of which the population is concentrated in the

capital, and the demographic situation in regional urban settlements worsens, lead to a violation of the principle of ensuring equal opportunities for the development of settlements, since in the perspective of a short-term strategy it is not expedient to implement large-scale urban development programs in settlements with a decreasing population.

The typology of regions determined by the ratio of rural and urban settlements in enlarged communities is noteworthy. In particular, in all enlarged communities of the Republic of Armenia, the share of communities formed only by rural settlements is 34.4%, communities formed from rural and one urban settlement are 59.4%, and communities formed from two or more cities and rural settlements are 6.25%. Within the framework of the intra-regional distribution of enlarged communities, the largest share of enlarged communities formed by rural settlements is in Aragatsotn and Armavir regions (both 57.2%). In the case of communities formed from rural and one urban settlement, the leaders in intra-regional indicators are Ararat and Gegharkunik regions (both 100%). Finally, in the case of communities formed from two or more cities and rural settlements, the leader is Syunik region with 28.6%.

It is noteworthy that the highest rates of enlarged communities with a population of 5,001-20,000 are recorded in the southern regions of the Republic of Armenia, while in the case of communities with a population of 20,001-30,000, Tavush region stands out with 25%. Finally, in the context of the population of 70,001-100,000, the highest indicator belongs to Ararat region (28.6%). Looking at the numbers of residents of individual enlarged communities, it becomes clear that the enlarged community with the largest population is the Artashat community of Ararat region, where 91,404 people live, and the least populated community is the Metsamor community of Aragatsotn region (419 residents) (ARMSTAT 2024a). Research data also show that the highest indicator of the number of people per settlement is in Kotayk region: 3,883.3 people/settlement. This number is far from the norm of urban development in the USSR (at least 12,000 inhabitants).

Community enlargement is a practice of territorial governance in which the management processes of social infrastructures, in contrast to land consolidation or territorial consolidation (based on the functionality of infrastructures), lead to a reinterpretation of their characteristics and significance in community life. Particular attention should be paid to the spatial organization of social infrastructures, since social infrastructures, according to Kelsey and Kenny, are defined as "... physical spaces in which regular interactions are facilitated between and within the diverse sections of a community, and where meaningful relationships, new forms of trust and feelings of reciprocity are inculcated among local people" (Kelsey and Kenny 2021, 11). These are the meaningful spaces in which the actors form and reproduce a sense of place through their interactions with each other. In parallel, within the framework of the reproduction of interactions between the actors operating in the studied area, the importance is given to mutual trust, attachment, relationship, involvement in social life, and other processes.

The results of the sociological survey allow us to conclude that the physical engagement of residents of enlarged communities in their settlements is mainly formed not so much through individual, but through social interactions. In other words, we

again document the widespread spread of ruralism. In the context of the enlargement of individual communities, there was almost no systemic impact that would be visible to residents, information about the processes being implemented was not provided sufficiently and was not targeted at them. The enlarged community of Gavar is noteworthy as a settlement with relatively low level of sense of place, spatial engagement and place leadership.

The presentation of views on community enlargement also indicates the positive aspects of this practice. To the question *“If we try to compare the situation in your settlement before community enlargement and after enlargement, what impact did community enlargement have on you and the residents of your settlement?”*, 30% of the survey participants indicated that community enlargement had a positive impact on them and the residents of their settlement<sup>2</sup>. According to respondents with a positive perception, through enlargement, they improved road construction in settlements (22.2%), lighting (15.7%), utility infrastructure (such as water supply, gas supply, garbage collection) (19.7%), educational and cultural infrastructure (8.6%), as well as effective management of settlements (15.7%).

Those survey participants for whom community enlargement had a negative impact identified specific manifestations of that impact. According to the data obtained, the most common view regarding the negative impact is that enlargement has led to a decrease in local self-governance, which, combined with the insufficient skills of local government representatives, weakens the capacities of localities (73.4%). It is noteworthy that 42.2% of respondents noted the absence of any impact of community enlargement.

## Conclusion and discussion

The monofunctional structure of the economy, the orientation of the city-forming enterprises in the past to the regional and federal sales markets determined the high dependence of small towns on fluctuations in the leading production (Turgel, Panzabekova and Antonova 2023). The reduction or complete absence of government orders led to a drop in production volumes, and social tension increased. Of particular concern is the aggravation of demographic problems: a decrease in natural growth is accompanied by a migration outflow, and small towns have ceased to be centers of attraction for the population from their immediate surroundings. Not having sufficient internal potential, small towns are currently losing their support from rural areas, and the proportion of people over working age is growing (Okamoto 2024). Settlements remote from the district center are losing their population in migration exchange with large cities in the region. These problems require a special study of the development features of small towns. It is obvious that in the context of changing social and economic relations in the country as a result of radical reforms, one of the important problems that requires a solution is the organization of interaction between the republican and local levels of government. The study of the mechanism of interaction

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<sup>2</sup> Regression analysis revealed that residents living in enlarged communities with high population dispersion are more likely to believe that enlargement has had a positive impact (37.9%) than those living in more centralized enlarged communities (26.5%).

between state authorities and local governments, the specifics of the formation of municipal budgets is one of the conditions for developing a strategy for interbudgetary relations aimed at stabilizing the situation in small towns.

Thus, territorial governance in the Republic of Armenia, conditioned by community enlargement, has not yet reached its fundamental goal and continues to reproduce socio-spatial inequality between settlements, and consequently, the vulnerability of individual urban settlements. Thus, we can conclude that territorial enlargement in the settlements of enlarged communities of the Republic of Armenia is not parallel to community enlargement, since urbanization in small regional cities is in crisis, which is measured by role diversity and mobility, weak community control, non-agricultural employment, public entertainment (restaurants, parks, museums, etc.), the availability of apartments with communal amenities and modern infrastructure (internet, transport, central sewage, health institutions, universities, etc.).

### **Acknowledgments**

The authors would like to thank the anonymous reviewers for their insightful comments and critiques.

### **Conflict of interests**

The authors declare no ethical issues or conflicts of interest in this research.

### **Ethical standards**

The authors affirm this research did not involve human subjects.

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