



Sociological Study on Perceptions of Economic Competition among Businesses

EXECUTIVE SUMMARY

The purpose of the sociological study on perceptions of economic competition among businesses is to discover the opinion of business-sector representatives of the current situation of economic competition in Armenia, as well as existing problems – including corruption risks. The study addressed perceptions of business entities regarding the situation of economic competition in Armenia, its violations, legislative regulations and gaps adversely affecting economic competition, unnecessary state interference with business activities, the provision of competitiveness in the public procurement system, activities of [the State Commission for the Protection of Economic Competition of the Republic of Armenia \(SCPEC\)](#), among others.

The study was carried out by [AM Partners Consulting Company LLC](#) with the initiative of Transparency International Anticorruption Center (TIAC) within the framework of the USAID-funded *Engaged Citizenry for Responsible Government* project.

The survey was conducted in August-November 2019 through face-to-face interviews with 400 business executives and other responsible officials from 27 different sectors of the Armenian economy. Also, in-depth interviews were conducted with representatives of businesses, business associations representing respective sectors selected for the survey, and NGOs involved in the protection of consumer interests.

The main results of the survey are summarized below:

Survey Results	%
1. The portion of businesses ignorant of their share in the Armenian market of their product or service	52%
2. The portion of businesses ignorant of the number of organizations operating in the Armenian market of their product or service	31%
3. The portion of businesses that rate overall competition among market participants as “high” or “fierce”	79%
4. The portion of businesses that view competitive environment as favorable for economic activity	59%
5. Bodies that positively or negatively affect economic competition, including:	
Positively affecting bodies (3):	
1) Tax Service	42%
2) Government of the Republic of Armenia	20%
3) Customs Service	16%
Negatively affecting bodies (3):	
1) Tax Service	35%
2) Market’s participants (competitors)	10%
3) Customs Service	10%

6. The portion of businesses that think government agencies have interfered and/or interfere with their activities	26%
7. The portion of businesses that think online shopping harms their competitiveness	14%
8. The portion of businesses that have ever been exposed to violations of economic competition, including the following:	66%
• Antitrust agreements	16%
• Abuse of dominant position	25%
• Undeclared concentration	1%
• Generating confusion about a business entity or its activities.....	18%
• Discrediting a business entity or its activities.....	15%
• Misleading the public.....	21%
• Damaging the reputation of a business entity.....	11%
• Acquisition, use, and disclosure of undisclosed information.....	12%
• State aid that brings about violation of economic competition.....	14%
9. Dynamics of economic competition violations before and after April 2018	
• Abovementioned abuses happened before April 2018 and after were eliminated April 2018	26%
• Abovementioned abuses happened before April 2018 and happen after April 2018	63%
• Abovementioned abuses did not happen before April 2018 and happen after April 2018	11%
10. The portion of businesses that have taken steps to restore their violated rights in the field of economic competition	32%
11. The portion of businesses that have been able to defend their violated rights in the field of economic competition	49%
12. The three main ways of protecting violated rights in the area of economic competition by businesses, including:	
Bilateral negotiation with competitors	28%
Application to court	17%
Application to the SCPEC	16%
13. The portion of businesses that have ever dealt with the SCPEC	16%
14. The portion of businesses that are satisfied with the SCPEC activities	46%
15. The portion of businesses that consider the SCPEC to be effective in protecting economic competition	22%
16. The portion of businesses with experience in public procurement	51%
17. The portion of businesses that find reasons for failure in public procurement to be groundless and unfair	53%
18. The portion of businesses that have not appealed even disagreeing with the results of public procurement tenders	72%
19. The portion of businesses thinking that public procurement tenders take into account the price only and not the quality	39%
20. The portion of businesses thinking that there is corruption and favoritism in public procurement:	61%
• Previously (before April 2018)	21%
• Currently (after April 2018)	
21. The portion of businesses who think that the public procurement process is transparent and procurement information is accessible to everyone:	
• Previously (before April 2018)	39%
• Currently (after April 2018)	61%

22. The portion of businesses that have identified ARMEPS system as the main source of information on public procurement and tenders	39%
23. The portion of businesses thinking that there are problems with tax and customs administration that adversely affect economic competition	33%
24. The share of businesses thinking that there are legislative gaps and regulations that adversely affect economic competition	66%

Taking into account the main findings of the research several recommendations to the Government have been developed, which are generally aimed at:

- increasing the level of awareness of businesses in the field of economic competition;
- improving the performance of different circles of the public administration system, including through the full and equal application of legislation regulating the protection of economic competition, and as necessary, through expanding the powers of the State Commission for the Protection of the Economic Competition of the Republic of Armenia, as well as identifying and eliminating corruption and protectionism in different systems.

This study is made possible by the support of the American People through the United States Agency for International Development (USAID). The contents of this study are the sole responsibility of the Transparency International Anticorruption Center and AM Partners Consulting Company and do not necessarily reflect the views of USAID or the United States Government.