

## Aspects of Unemployment Problems in Georgia

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**ABSTRACT.** On modern stage of social-economic development of Georgia, unemployment is one of the most acute problems of the country. Georgian and foreign economists published a lot of works concerning this issue. Nevertheless, due to the complexity of the above mentioned problem, its versatility, frequent variability of its condition in time and scientific research of the issues related to it, is relevant today and will be relevant in future as well. In the present article detailed analysis of the current situation of unemployment is given. This challenge is considered as, in general, throughout the whole Georgia, so in relation to cities, villages, regions, gender and age of population. As a result of performed scientific studies it is shown, that in Georgia the employment rate is still rather low and unemployment rate is rather high. The employment rate is comparatively higher in towns; in relation to gender, it is higher in men; in relation to age unemployment is higher in youth of 15-19 years old and in the population of pre-retirement and retirement age. As for the regional context in Tbilisi, Ajara and Imereti the rate of unemployment is higher, than in other regions of the country. In the final part of the article the basic reasons of high rate of unemployment in Georgia are given and several specific proposals for reducing the rate of unemployment are suggested. © 2018 Bull. Georg. Natl. Acad. Sci.

**Key words:** economically active population, employment, unemployment, unemployment rate

The problems of employment and unemployment became especially acute after dissolution of former Soviet Union and after restoration of independence of Georgia. Termination of traditional economic relations, disconnection of government financing, so called economic zombing [1], the hard political situation reduced the scales of the economy and increased the number of actual unemployed people to an unprecedented level. Deficit of investments could not promote creation of new jobs and vacancies. It is natural that the scales of labor force migration unbelievably increased [2, 3].

Based on the above given data it could be said, that:

- 1) Number of manpower in the above given period of time did not have statistically great changes;
- 2) The number of employed people did not substantially varied as well, but in 2010 there was a decrease of this indicator;
- 3) Most of all among the employed people are self-employed, the percentage share of which has decreased from 65.4% (in 2005) to 57.6% (in 2016);
- 4) The highest share of hired people among the total employment was in 2015 (42.5%).

**Table 1. Data about employment and unemployment of Georgian population in 2005-2016**

Indexes	2005	2010	2012	2013	2014	2015	2016
Economically active population (manpower) thousand man	2023.9	1944.9	2029.1	2009.9	1991.1	2021.5	1998.3
Employed, thousand man	1744.6	1628.1	1724.0	1712.1	1745.2	1779.9	1763.3
% of hired among them	34.4	38.0	38.6	38.7	39.8	42.5	42.4
Employment rate %	55.2	53.8	56.8	56.6	58.3	59.7	59.5
unemployed, thousand man	279.3	316.9	305.1	291.9	246.0	241.6	235.1
Unemployment rate,%	13.8	16.3	15.0	14.6	12.4	12.0	11.8

[http://geostat.ge/?action=page&p\\_id=145&lang=geo](http://geostat.ge/?action=page&p_id=145&lang=geo) 18.12.2017.

**Table 2. The unemployment rate of the population of the cities and villages in 2010-2016 (%)**

Indicators	2010	2012	2013	2014	2015	2016
Unemployment in Georgia, Among them:						
a) in cities	16.3	15.0	14.6	12.4	12.0	11.8
b) in villages	27.2	26.2	25.6	22.1	21.5	21.1
	7.9	7.0	6.5	5.4	4.8	5.0

[http://geostat.ge/?action=page&p\\_id=145&lang=geo](http://geostat.ge/?action=page&p_id=145&lang=geo) 18.12.2017.

The ratio between the self-employed and hired people for 2005 sharply differs from the analogical indicators of the other years of the analytical period for the following reasons: a) in the given years the massive dismissals of ideologically unreliable staff for former government took place, which acutely touched the state's higher educational institutions and scientific-research institutions; b) for the purpose of false reduction of the actual level of unemployment, the number of self-employed people was artificially increased, as far as the number of employees is concerned, it is much more difficult to manipulate with the calculation of the number of hired employed people. In order to reduce the actual level of unemployment, the number of self-employed artificially increased [4].

According to Table 1 in 2005-2016 years, by official data, in Georgia the level of employment varied from 53.8 up to 59.7%. It was the lowest in 2010 (53.8%), and the highest of all it was in 2015 (59.7%). The highest level of unemployment was observed in 2010 (16.3%) and the lowest in 2016 (11.8%).

The above given data of unemployment in Georgia, if we consider them as real, according to the labor International organization, are not so far from the indicators of such developed countries as: France, Turkey, Lithuania, Latvia and others, and

in such developed countries as Italy, in the last period of time (2014-2016) the level of unemployment is higher than it is in Georgia. It appears, that the problems of employment of the population in Georgia is not alarming. But unfortunately, this is not the case!

We basically share the opinions of the researchers working over this problem, who think that the level of unemployment in Georgia varies within 30-50% [5-7]. This is clearly explained by the data of recent social studies conducted in Georgia in the last years, according to which among all the challenges facing the country almost in all research the problem of unemployment is in the first place. This indicates that, as it was already mentioned, the methodology of employment and unemployment calculation in our country cannot answer the main demand (objective assurance) and its improvement is necessary.

As Table 2 shows in 2010-2016 in the cities of Georgia the unemployment rate was 3.5-4.5-times higher on average, than in villages. In the cities unemployment rate was the highest in 2010 (27.2%), and the lowest in - 2016 (21.1%). Among the village population in the above mentioned years the rate of unemployment varied from 4.8% to 7.9%.

**Table 3. The rate of activity, employment and unemployment of the population of Georgia from the point of view of their gender, 2010-2016 (%)**

Indicators	2010	20012	2013	2014	2015	2016
The level of activity of Georgian population, among them:	64.2	66.9	66.2	66.5	67.8	67.5
a) men	74.5	78.8	77.3	74.4	78.1	78.2
b) women	55.5	57.4	56.8	57.1	58.9	58.0
The level of employment of Georgian population, among them:	58.8	56.8	56.6	58.3	59.7	59.5
a) men	61.2	65.6	64.5	66.6	67.6	67.1
b) women	47.5	49.5	49.8	51.1	52.9	52.9
The level of employment of Georgian population, among them:	16.3	15.0	14.6	12.4	12.0	11.8
a) men	17.9	16.1	16.5	14.0	13.5	12.0
b) women	14.5	13.8	12.3	10.4	10.2	8.8

According to [http://geostat.ge/?action=page&p\\_id=145&lang=geo](http://geostat.ge/?action=page&p_id=145&lang=geo) 18.12.2017.

**Table 4. The rate of unemployment according to regions and ages of people in 2016 (%).**

Regions	Rate of unemployment	Age interval	Rate of unemployment
Georgia	11.8	15-19	31.9
Kakheti	5.4	22-24	30.0
Tbilisi city	22.0	25-29	21.6
Shida Kartli	9.2	30-34	16.1
Kvemo Kartli	8.6	35-39	12.8
Adjara	13.0	40-44	11.2
Samegrelo-Zemo Svaneti	10.0	45-49	9.7
Imereti (Racha-Lechkumi and Svaneti)	10.8	50-54	11.9
Other regions: Samtskhe-Javakheti, Guria, Mtkheta-Mtianeti	4.1	55-59	6.0
		60-64	5.3
		more than 65	1.5

\*[http://geostat.ge/?action=page&p\\_id=145&lang=geo](http://geostat.ge/?action=page&p_id=145&lang=geo) 18.12.2017.

Such great difference from the point of view of unemployment among the population of cities and villages mainly is caused by the deficit of recently acting methodology of the calculation of unemployment rate mentioned above.

From the point of view of gender, the data of activity, employment and unemployment of the population of Georgia are given in Table 3.

As Table 3 shows the rate of activity of population according to their gender is sharply different. It is higher for men than for women. Within 2005-2016 years among men it varies from 74.4 to 78.2%, and among women from 55.5 to 28.9%. Within the above mentioned years the rate of activity in men was the lowest in 2014 (74.3%), and in women in 2010 (55.5%). Within 2005-2016 years the above given indicator in men was the

highest (78.2%) in 2012 and 2016 and in women in 2015 (58.9%). As for the rate of employment the same trend is found. In 2005-2016 it is higher among men, than among women. The highest rate of employment in men is 59.7% in 2015, while in women - 2015 and 2016 it achieved 52.9%. In the same period, the lowest level of employment for both men and women was in 2010 (61.2 and 47.5%, respectively). As for the rate of unemployment during the whole analyzed period of time the rate of unemployment was higher in men than in women. The National Statistics Office of Georgia states that the reason is that majority of unemployed women in Georgia are housewives and, accordingly, they belong to the category of inactive population.

Table 4 shows that: in 2016 the rate of unemployment was the highest in Tbilisi city,

Adjara and Imereti (accordingly 22.0; 13.0 and 10.8%), and the lowest was in Kakheti and in other regions (accordingly 5.4 and 4.1%); By the official data of 2016 the rate of unemployment among 15-34 years old active young population is comparatively high, and it is low in active population of 65 and above. Comparatively high level of unemployment among young population is caused by the fact, that the most of them does not have any particular specialty and it is difficult for them to find a job.

And the reason of comparatively low level of unemployment in among 65 and more elder active population of 65 and above is that they are of a pension age and most of them are not looking for a work.

At present the existence of high level of unemployment in Georgia is caused by a lot of reasons [8-10]. Among them

1) Sharp reduction of production volume in real sector of economics (Industry and agriculture), which had a specific place in the first part of 1990 [4]. Such sectors of machine building and metalworking industry of the country as mechanical engineering, electrical engineering industry, machine and tool building, automobile industry, agriculture, including tractor and motor-vehicle building etc. are almost entirely destroyed. Such leading spheres of light industry as: cotton and wool industry, silk industry and others are completely destroyed and disappeared. As for agricultural production, as a result of the wrong policy of the government after the Rose Revolution, Georgian agriculture was destroyed so, that the demand of Georgian population today is largely satisfied with the import of agricultural products. Similar circumstances are in other sectors of economics. All the above mentioned had a negative influence on the population and their employment. The simplest truth is that the collapse of the economy caused a drastic reduction of jobs in the country and, therefore, increased the level of unemployment as well;

2) Absence of effective state policy for employment. The government, which came to rule the country after the Rose Revolution mainly was busy with such PR campaigns as so-called target state program adopted by the Government Decree in 2006 for professional training of the employees; students' employment program implemented by the Tbilisi Municipality and many other similar programs. The positive results from the above mentioned state programs were miserable and the academician V. Papava called those programs as "false employment programs [11]" because the positive results from them were small but budgetary expenses for them were enormous.

3) Such defects in Human resource Management as: the low quality of information of the population about vacancies for jobs; Low level of professional mobility and territorial disproportions in distribution of professional staff throughout the country; practice of overtime work existing in the country; rare usage of flexible mode of working (employment in incomplete working days, working from home, etc.); deficiencies in implementation of the population migration policy (both domestic and foreign migration as well) and others.

In order to reduce the level of unemployment in Georgia, a number of effective measures should be implemented [4,12, 13]. Among them could be:

1) More attention should be devoted to restoration of economics, especially to its real sector.

First of all, industry and agriculture require special attention, foremost, such sectors are necessary for domestic and foreign markets. Special attention should be paid to creation and revival of such manufacturing enterprises, which will maximally provide the country with a growing tourist flows at a high level of service and with the products produced in Georgia, but not with imported from other countries. Unfortunately, at present most of the products are imported and due to this common efficiency of International Tourism is falling down;

2) The state policy of employment should be improved [5,9]. For this purpose it is necessary to arrange legal basis of employment regulation for which it is necessary to undertake such measures, as: to introduce the Employment Law (which existed in our country and was abolished in 2006 without any reason); To highlight the issues related to labor management from the Ministry of Labor, Health and Social Affairs and create an independent governing body on its base, even in the form of a department; to restore functioning state service for the purpose of registration of unemployed people, their professional training-retraining, appointment and employment, as it was until 2006 under various titles (labor market, state employment fund, etc.).

3) To implement computerized information systems on the issues of labor arrangements, which will help job seekers to get information on vacant jobs without any obstacles;

4) In order to reduce the structural unemployment rate, it is necessary to carry out such professional mobility measures as: priority to multi-profile teaching, training staff, upgrading and improving training and retraining organizations etc.

5) It is necessary to strengthen the control from the executive branch and the trade unions over the registration of overtime and timely duration recording of performed work and their compensation.

Firstly, the coefficient of increasing the compensation for overtime working hours, being established by the legislative level, should be such that, it will discourage the employer to apply the overtime work experience, if it is not caused by the inevitable necessity of the enterprise.

According to our approximate calculation, today, even halving of the duration of overtime work of the employees in Georgia, the actual level of unemployment will be reduced by 2-3% percentage points;

6) Introduction of such flexible modes of working operations such as: to get employed with incomplete working days in the staff of the organization as taking care of home staff, practice of division of work (day or weekday hours) and others;

7) Improvement of the migration policy, etc.

### **Conclusion:**

The unemployment rate in Georgia is not very high by the official statistics. But unfortunately, on the basis of the sociologic study and analysis of the actual employment situation of the population, there is no doubt in real life that this is not true. As it was already mentioned, mainly this is due to the shortcomings of methodological calculation of employment and unemployment rate. Actually, the unemployment rate in our country is higher, than it is fixed and informed by the official statistic body. It is caused by such objective and subjective reasons as: sharp decline of the economy in the 1990-s, especially its real sector, which is not overcome till present time, lack of effective state employment policy, etc. For the purpose of reducing the unemployment rate, it is necessary to implement effective measures for accelerated development of the country's economy, to improve the state regulation of employment and unemployment rate in the country as well.

## ეკონომიკა

# უმუშევრობის პრობლემის ზოგიერთი ასპექტი საქართველოში

## ნ. პაიჭაძე

*ივანე ჯავახიშვილის სახელობის თბილისის სახელმწიფო უნივერსიტეტი, ეკონომიკისა და ბიზნესის ფაკულტეტის მენეჯმენტისა და ადმინისტრირების კათედრა, თბილისი, საქართველო*

(წარმოდგენილია აკადემიის წევრის ა. სილაგაძის მიერ)

უმუშევრობა საქართველოს სოციალურ-ეკონომიკური განვითარების დღევანდელ ეტაპზე ქვეყნის წინაშე მდგომი უმწვავესი გამოწვევაა. იგი განსაკუთრებით მწვავედ წარმოჩინდა ყოფილი საბჭოთა კავშირის დაშლისა და საქართველოში დამოუკიდებლობის აღდგენის შემდეგ. ტრადიციული ეკონომიკური ურთიერთობების გაწყვეტამ და ქვეყანაში მიმდებარე პოლიტიკურმა მდგომარეობამ გამოიწვია ეკონომიკის მასშტაბების, განსაკუთრებით მისი რეალური სექტორის, არნახული შეკვცა და უმუშევართა რაოდენობის ზრდა. ინვესტიციების დეფიციტმა ვერ წაახალისა ახალი სამუშაო ადგილების შექმნა. ბუნებრივია, არნახულად გაიზარდა სამუშაო ძალის მიგრაციის მასშტაბები. 90-იანი წლების მეორე ნახევრიდან ქვეყნის ეკონომიკის ჩამოშლა შეჩერდა, მაგრამ მისი განვითარების ტემპები და ქვეყანაში, დღეისათვის არსებული დასაქმების სახელმწიფო პოლიტიკა ჯერ კიდევ არ იძლევა უმუშევრობის მნიშვნელოვნად შემცირების საშუალებას. მაგალითად, 2016 წელს ქვეყანაში დასაქმებულთა რაოდენობა 2005 წელთან შედარებით შემცირდა კიდევ. 2005-2016 წლების, ოფიციალური მონაცემებით, საქართველოში უმუშევრობის დონე ყველაზე მაღალი იყო 2010 წელს, ყველაზე დაბალი კი 2016 წელს. მოცემულ პერიოდში იგი შედარებით მაღალია ქალაქებში, ხოლო სქესობრივი ჭრილით—მამაკაცებში. რაც შეეხება უმუშევრობის დონეს სხვადასხვა რეგიონებსა და ასაკობრივ ჯგუფებში, 2016 წლისათვის იგი ყველაზე მაღალია ქ. თბილისში, აჭარასა და იმერეთში, ხოლო ყველაზე დაბალი კახეთსა და ე. წ. დანარჩენ რეგიონებში. ასაკობრივ ჭრილში კი იგი ყველაზე მაღალია 15-19 წლის აქტიურ მოსახლეობაში, ყველაზე დაბალი კი\_65 და მეტი ასაკის აქტიურ მოსახლეობაში. ქვეყანაში უმუშევრობის დონის შემცირების მიმართულებით აუცილებელია განსაკუთრებული ყურადღება დაეთმოს ეკონომიკის რეალური სექტორის აღორძინებას, სრულყოფილ იქნეს დასაქმების სახელმწიფო პოლიტიკა, მეტი ყურადღება მიექცეს მუშაობის თანამედროვე მოქნილი რეჟიმების დანერგვას და ა. შ.

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