



Research

GEORGIA LABOR MARKET OVERVIEW



Economic Outlook and Indicators
Issue #144



- 👤 **Despite an all-time low, unemployment remains high in Georgia** – the unemployment rate amounted to 17.3% in 2022.¹
- 👤 **Efficiency of the labor market has decreased** – according to the Beveridge curve, labor market efficiency has decreased in the post-pandemic period compared to the pre-pandemic one.
- 👤 **Although unemployment is high, lack of labor force and specialists are one of the leading hindering factors for business** – according to the BAG Index, in Q1 of 2023, a lack of specialists was cited as a hindering factor by 48% of surveyed companies, while labor shortage was cited by – 47%.²
- 👤 **Labor force migration continues** - the total number of the 15+ population in Georgia is decreasing, while EU asylum applicants from Georgia increased to a record high in 2022.³
- 👤 **There is a mismatch between the skills of graduates of educational programs and the needs of the business sector** – according to the BAG Index, in Q4 of 2022, around half of the companies had difficulties in the selection of new employees due to applicants’ insufficient skills and level of knowledge.⁴
- 👤 **Wage expectations of job-seekers have increased** - the minimum wage that candidates are willing to work for has increased in the post-pandemic period compared to the pre-pandemic one,⁴ increasing the risk of wage-price spirals.⁵

Thousand persons	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Labor force	1536.1	1490.7	1551.5	1609.4	1554.7
Employed	1244.2	1201.1	1269.9	1358.6	1305.2
Population outside the labor force	1465.1	1496.3	1458.9	1396.8	1397.4
Unemployed	291.9	289.6	281.6	250.7	249.5
Total 15+ population	3001.2	2987.0	3010.4	3006.2	2952.1

1 The figures in 1998-2009 and in 2010-2022 are incomparable as the labor force survey methodology was changed by Geostat in 2020. Thus, this statement excludes labor force statistics, derived by old methodology, from 1998-2009.

2 [BAG Index \(Q1, 2023\)](#)

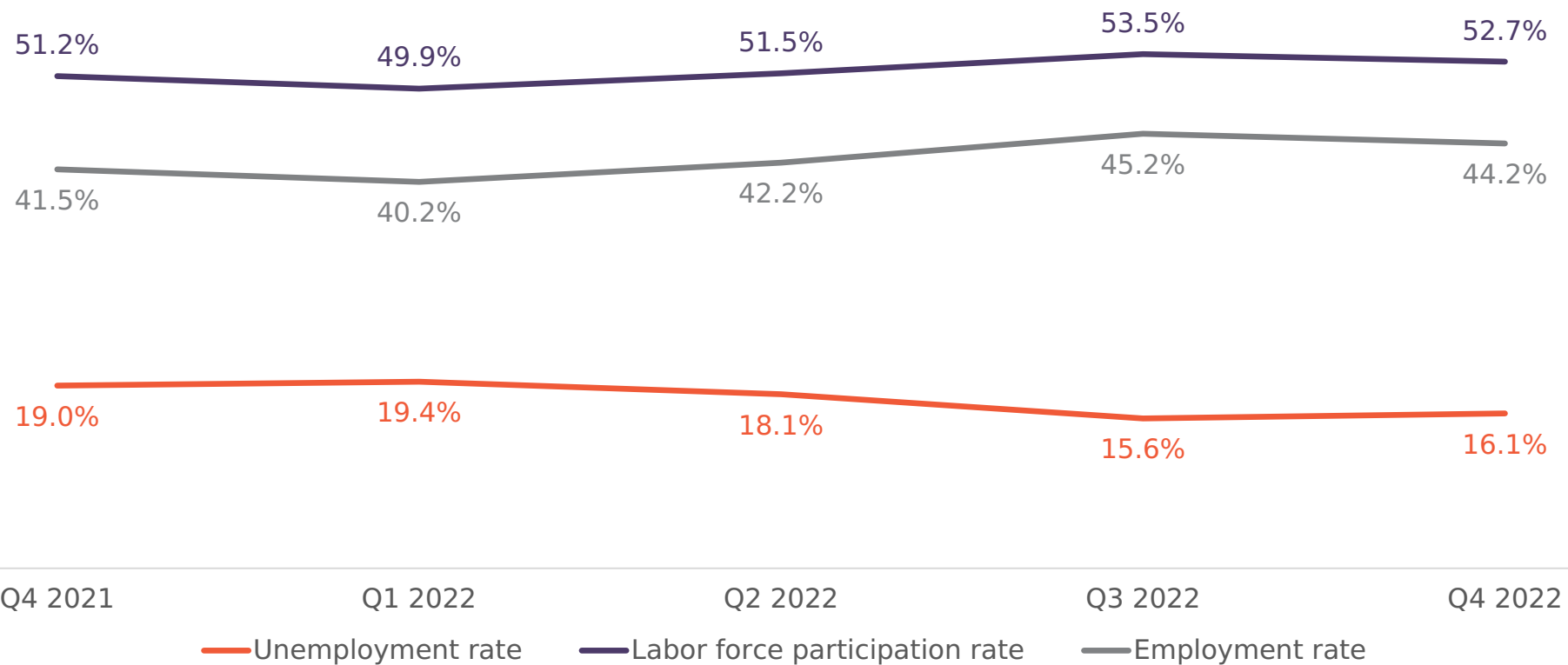
3 [Eurostat](#)

4 [BAG Index \(Q1, 2023\)](#)

5 [Monetary Policy Report \(May 2023\)](#)



KEY INDICATORS



Source: Geostat

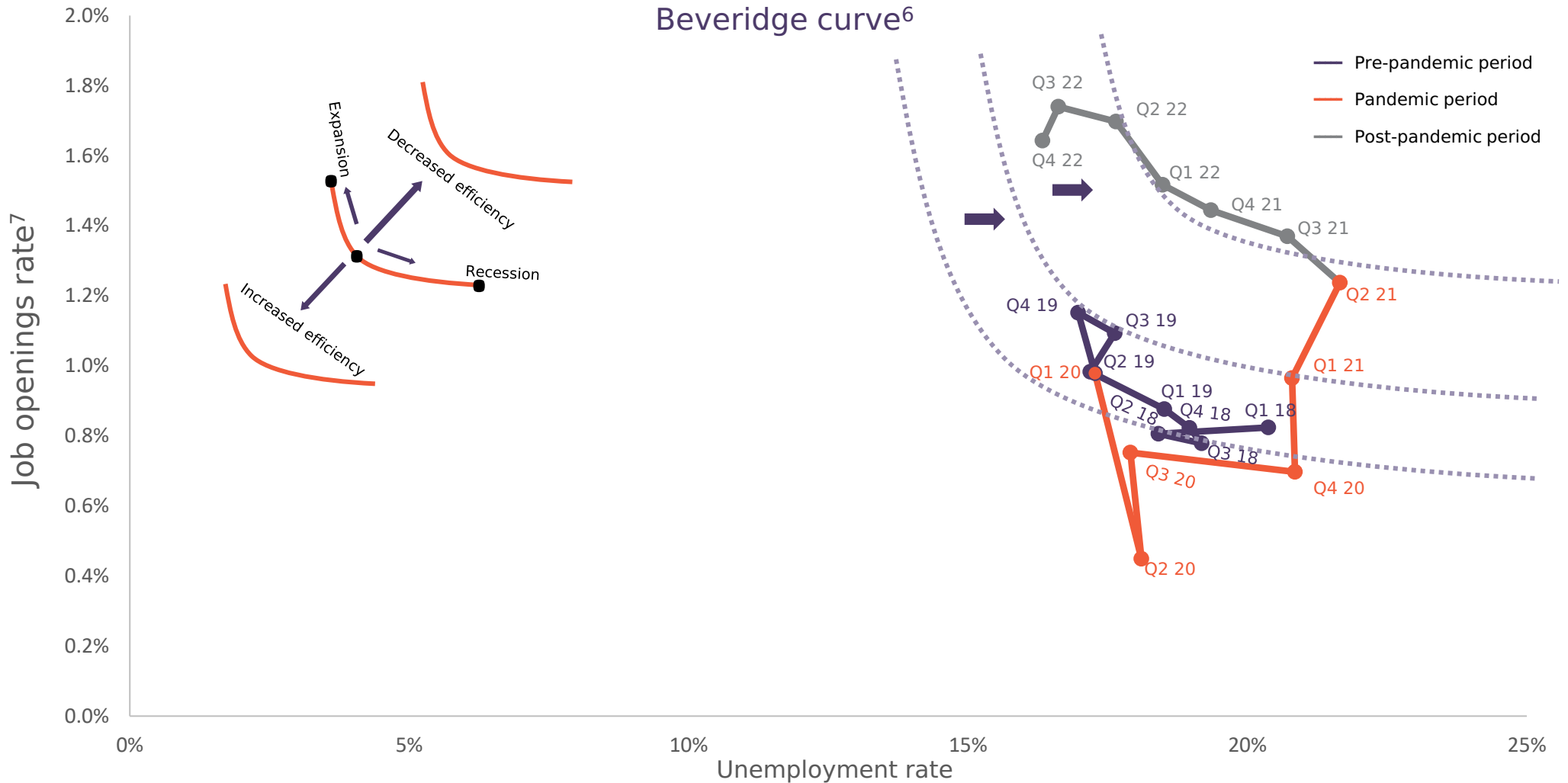
🔗 In 2022, compared to 2021, the labor force increased by 17,960 persons, while the unemployment rate in 2022 decreased to a record low of 17.3%.

🔗 The total number of 15+ population in Georgia fell to 2,989 thousand in 2022, marking an annual average of less than 3 million for the first time.

🔗 As the lack of specialists is among the leading factors hindering business activity, according to the Q4 2022 BAG Index, 24.5% of surveyed businesses employed foreigners temporarily living in Georgia since the Russia-Ukraine war.



Beveridge curve⁶



PMC Research Center has developed the Beveridge Curve with the support of the National Bank of Georgia.

Source: Jobs.ge, Hr.gov.ge, Geostat

6. The Beveridge curve captures the relationship between the unemployment rate (X-Axis) and the job openings rate (Y-Axis). The Beveridge curve provides important information about the functioning of the labor market and the sustainability of the economy. In particular: A. The inward shift of the Beveridge curve (towards the origin) indicates an increase in the efficiency of the labor market; B. The outward shift of the Beveridge curve (away from the origin) indicates a decrease in the efficiency of the labor market; C. The vertical shift to the left indicates that the economy goes into an expansionary phase, and the vertical shift to the right indicates that the economy goes into a recession. The job openings rate and Unemployment rate have been seasonally adjusted.

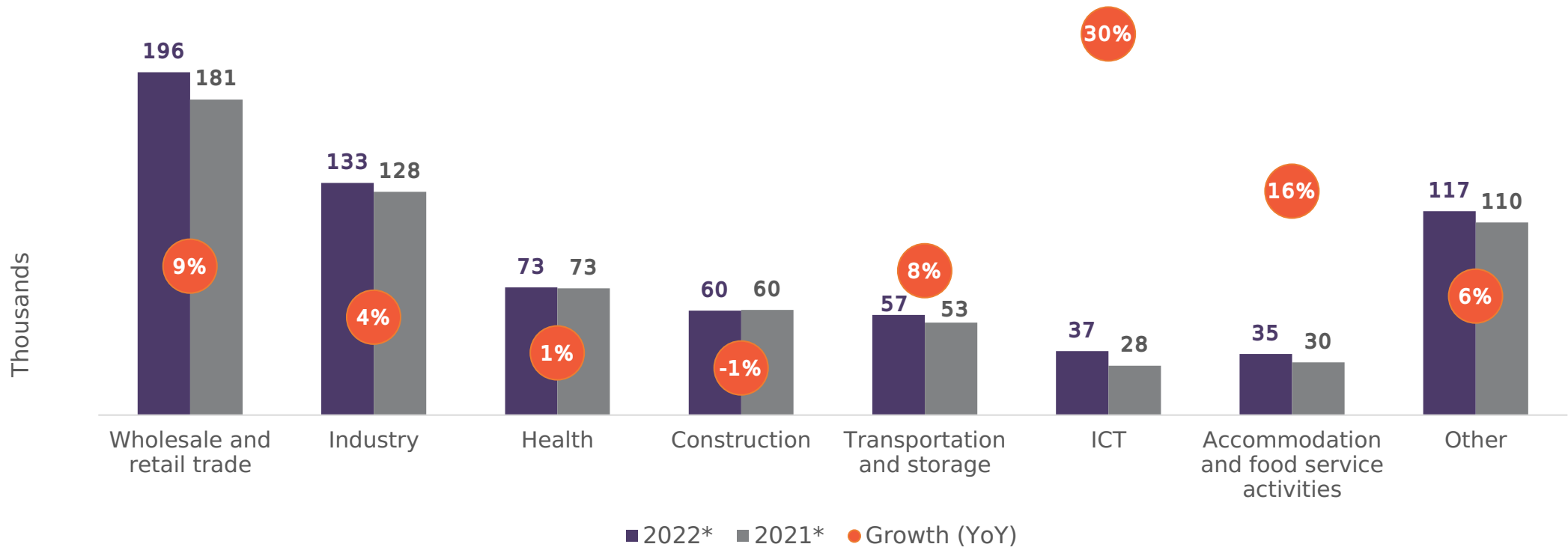
7. The job openings rate is computed by dividing the number of job openings by the sum of employment and job openings and multiplying that quotient by 100.



- According to the Beveridge curve, the Georgian economy was undergoing a phase of expansion in the pre-pandemic period (Q1 2018 to Q4 2019), with a decreasing unemployment rate and an increasing job openings rate, i.e., with rising tightness on the labor market.
- According to the Beveridge curve, the Georgian economy went into a recession phase in the pandemic period (Q1 2020 - Q4 2020) with an increasing unemployment rate and decreasing job openings rate.
- The Beveridge curve shifted outwards from its origin as the COVID-19 restrictions were gradually lifted in Q1 2021. In this period, employers' expectations increased, which resulted in a higher job openings rate, though unemployment remained nearly the same. This shift points to a decrease in efficiency in the labor market. It is worth mentioning that the Beveridge curve shifted outwards again in Q2 2021 indicating a further decline in the labor market efficiency.
- In the period of Q3 2021 - Q2 2022, the Georgian economy returned to a phase of expansion while the labor market tightness started to mount with the decreasing unemployment rate and the increasing job openings rate but at a lower efficiency level compared to its pre-pandemic state.
- Going by estimates, the Beveridge curve might have shifted once again in Q3 2022 - this time towards the origin since the unemployment rate decreased sharply and the job openings rate increased slightly, perhaps indicating a move of the labor market efficiency towards its pre-pandemic level but not there yet. However, to draw final conclusions, it is necessary to observe further changes in the labor market.
- According to the Beveridge curve, in Q4 2022, the efficiency of the labor market increased, compared to Q3 2022, as the unemployment rate decreased, and the job openings rate fell, indicating further movement towards the pre-pandemic efficiency level.
- To sum up, the labor market efficiency is still lagging behind its pre-pandemic level, which could be attributed to different factors, including the flow of personnel to adjacent sectors due to changes in the country's economic structure, labor force migration, and increased wage expectations of job-seekers.



EMPLOYED PERSONS BY KIND OF ECONOMIC ACTIVITY



Source: Geostat

Every economic sector experienced an increase in the number of employees in 2022 compared to 2021,⁸ except the construction sector.

Part of the high growth rate in the information and communication sector can be attributed to the ICT sector boom⁹ and increased external supply. Furthermore, growth in the number of employees in accommodation and food service activities could be attributed to the partial recovery of the number of international visitors and the inflow of migrants.

8. The number of employees is calculated as the average number of employees each quarter.

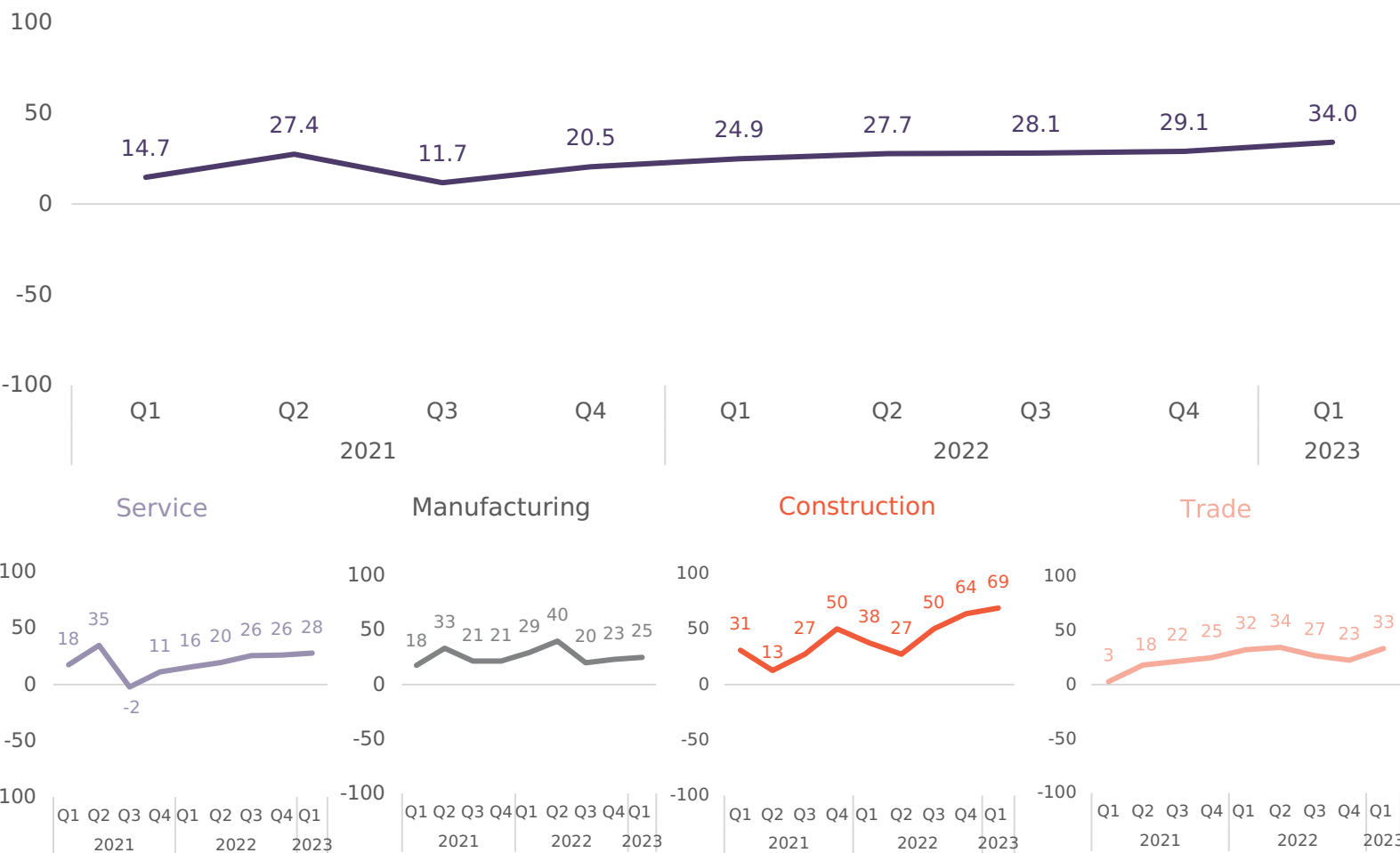
9. PMC RC - ICT SECTOR IN GEORGIA



EMPLOYMENT BAROMETER

BAG INDEX SURVEY

BAG Employment Barometer¹⁰



- In Q1 of 2023, the surveyed businesses generally had a positive outlook regarding employment for the next three months.
- Overall, in Q1 of 2023, the BAG Employment Barometer amounted to 34.0 points, which is 4.9 points more than in Q4 of 2022.
- In Q1 of 2023, the BAG Employment Barometer was positive for all sectors. In Q1 of 2023, the construction sector had the highest employment barometer indicator with 69 points, and the manufacturing sector had the lowest with 25 points.

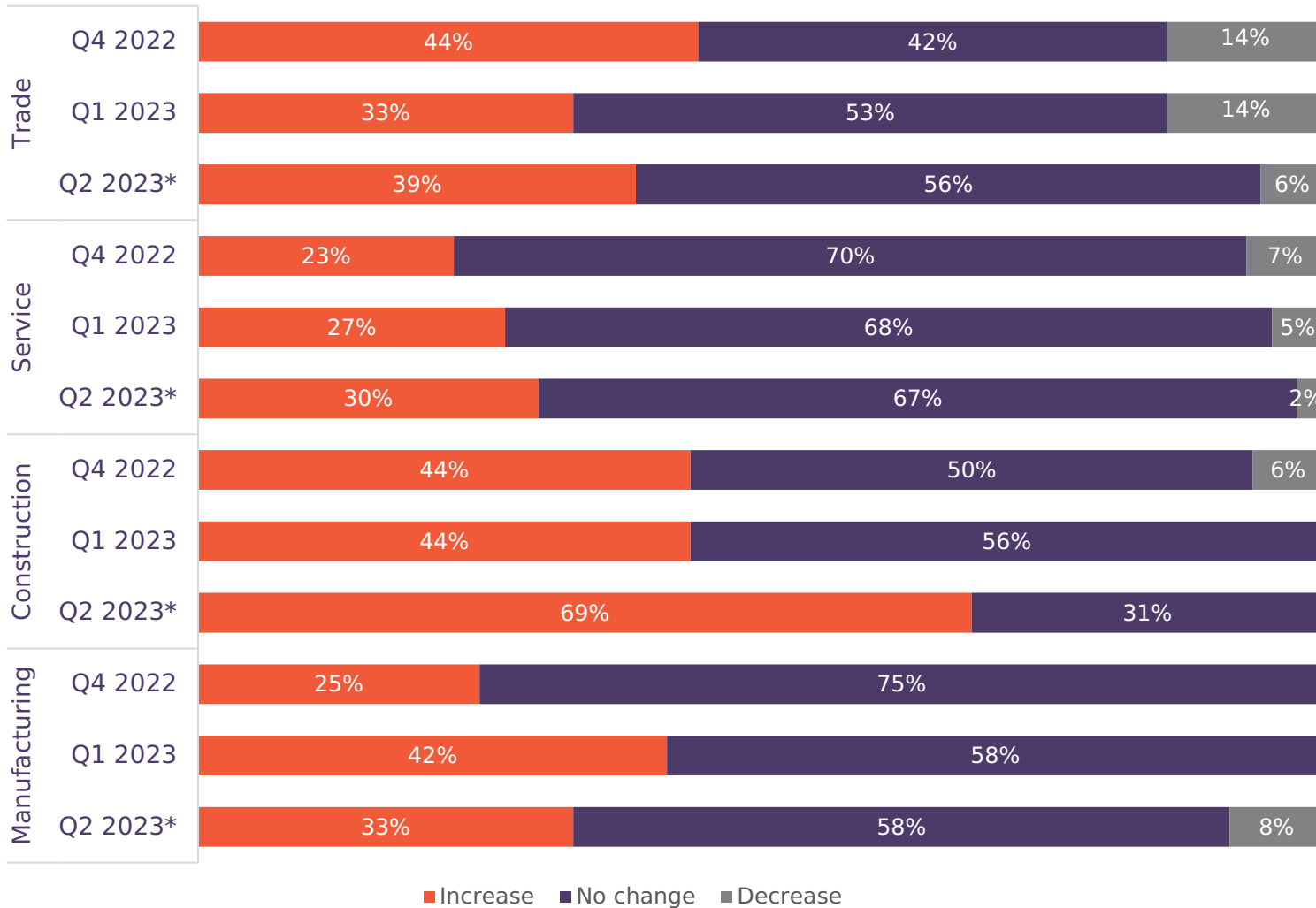
Source: PMC Research, BAG

10. The BAG Employment Barometer reflects companies' expectations regarding changes in employment in the next three months. Respondents could describe their plans regarding the number of employees for the next three months as "increasing," "stable," or "decreasing." The balance value of these plans is the difference in the percentage shares of the "increasing" and "decreasing" responses. The BAG Employment Barometer is a weighted mean of the balances in different sectors. The BAG Employment Barometer can be between -100 and +100. -100 means all surveyed businesses expect employment to decrease in the next three months, while +100 means all surveyed businesses expect employment to increase in the next three months.



CHANGES IN THE NUMBER OF EMPLOYEES

BAG INDEX SURVEY



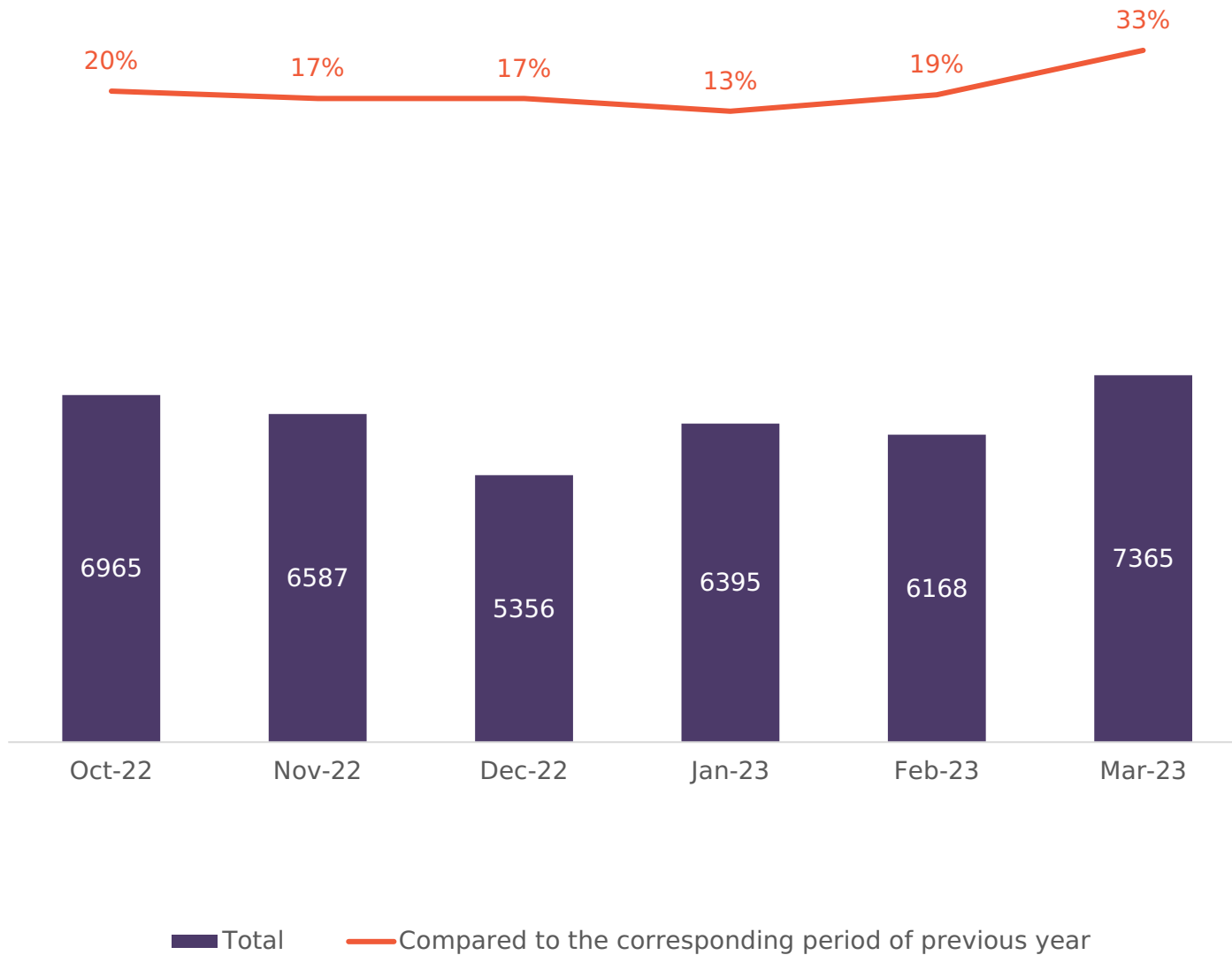
Source: PMC Research, BAG

- Overall, in Q1 of 2023, 33% of surveyed companies increased their number of employees, 7% recorded a decrease, and 60% reported no change.
- Overall, 45% of surveyed companies were expecting to increase their number of employees in Q2 of 2023, 5% anticipated a decrease, and 50% were not expecting any changes.
- The most optimistic expectations for employment in Q2 of 2023 are recorded in the construction sector, wherein in Q2 of 2023, 69% of companies plan to increase the number of employees.

* Expectation



TOTAL VACANCIES PUBLISHED ON **Jobs.ge**



Growth rate

From October 2022 to March 2023, the total number of vacancies published on jobs.ge amounted to 38,836, which was 20.0% higher compared to the corresponding period of 2021-2022.

From October 2022 to March 2023, the average MoM growth rate for the total number of vacancies published on jobs.ge amounted to -0.5%.

In March 2023, compared to February 2023, the total number of vacancies published on jobs.ge increased by 19.4%.

Source: Jobs.ge

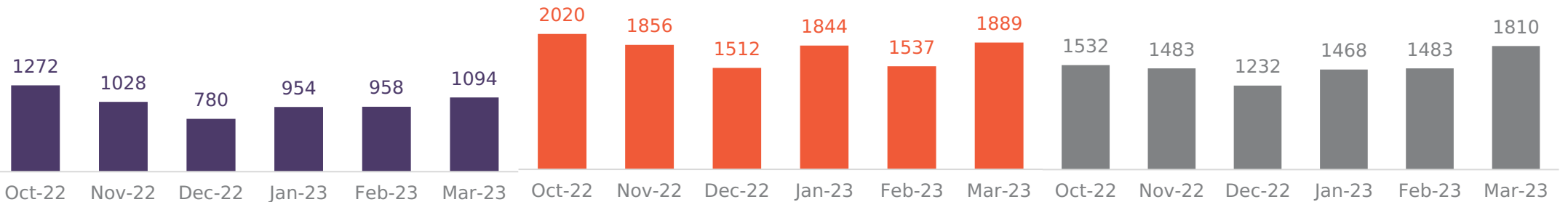


VACANCIES PUBLISHED ON **Jobs.ge** BY CATEGORIES

Logistics/Transport/Distribution

Sales/Procurement

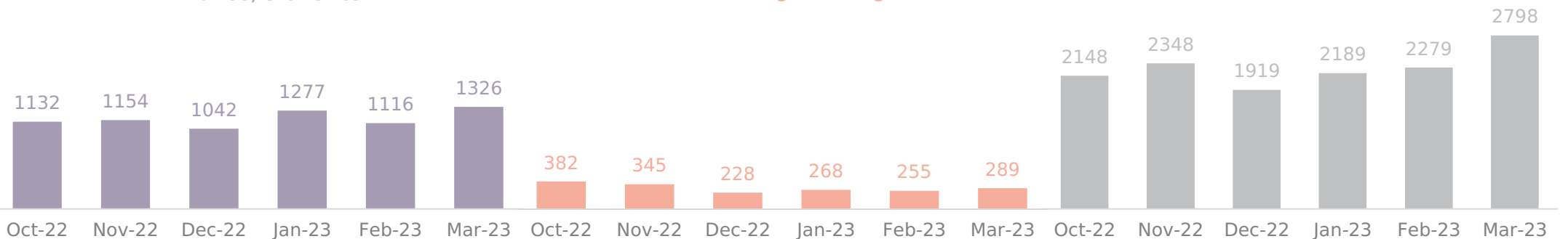
Administration/Management



Finance, Statistics

IT/Programming

Other



Source: Jobs.ge

From October 2022 to March 2023, a total of 7,045 vacancies were published in the field of finance, statistics, which was 42.5% higher than the corresponding period of 2021-2022 and 179.9% higher compared to the corresponding period of 2020-2021.

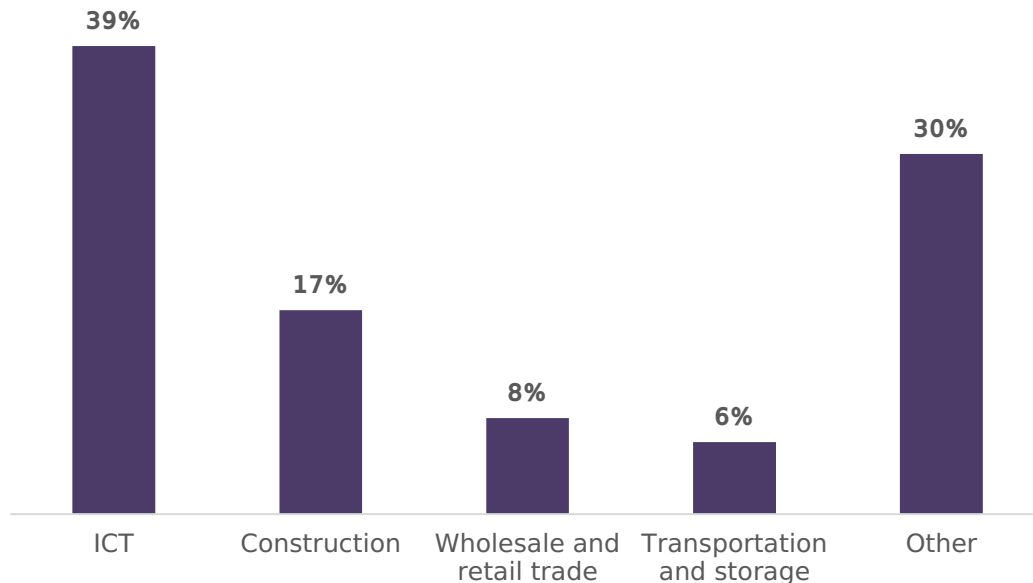
From October 2022 to March 2023, a total of 10,655 vacancies were published in sales/procurement, which was 21.4% higher compared to the corresponding period of 2021-2022 and 154.2% higher compared to the corresponding period of 2020-2021.

From October 2022 to March 2023, a total of 9,001 vacancies were published under administration /management, which was 27.8% higher compared to the corresponding period of 2021-2022, and 154.0% higher compared to the corresponding period of 2020-2021.

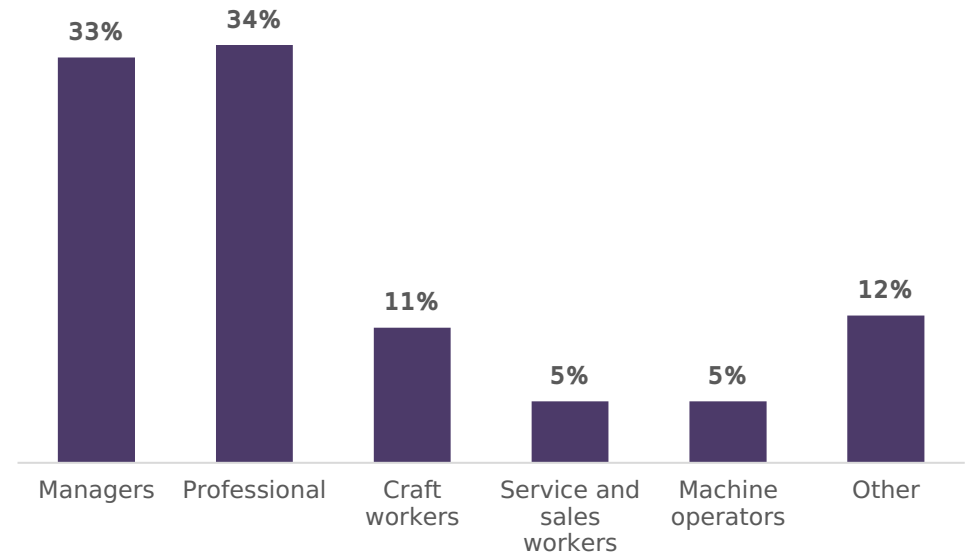


EMPLOYED FOREIGN NATIONALS

Distribution of employed foreigners by economic activity



Distribution of employed foreigners by occupation

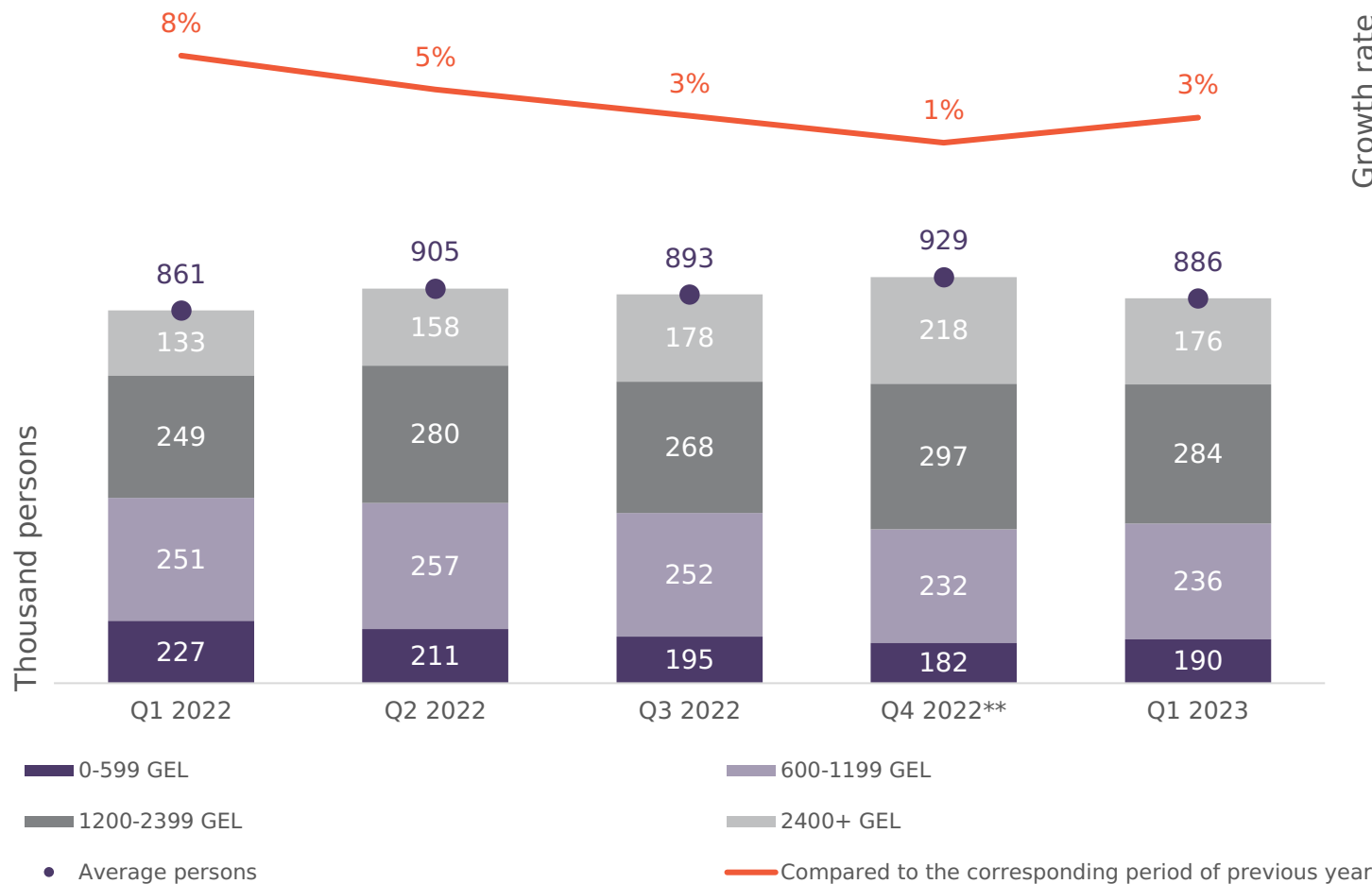


Source: MoESD

- As of September 1, 2022, 8% of enterprises in Georgia (3,884), employed a total of 17,851 foreign nationals, representing 2% of the total number of employees. Notably, in 2022, the number of foreign employees in Georgia increased by 78% compared to 2021.
- As of September 1, 2022, out of the total number of employed foreigners, 45% work in large enterprises, 14% work in medium-sized enterprises, and 41% work in small enterprises.
- As of September 1, 2022, 74% of employed foreigners are in Tbilisi, while 26% are in other regions of Georgia.



AVERAGE NUMBER OF PERSONS RECEIVING SALARY



Growth rate

- In March 2023, the number of persons receiving a monthly salary increased by 3.9% compared to the corresponding period of 2022 and by 8.3% compared to the corresponding period of 2021.
- In March 2023, the share of persons receiving a monthly salary up to 599 GEL amounted to 18.8%, which was 5.1 percentage points less than the corresponding period of 2022, and 9.2 percentage points lower than the corresponding period of 2021.
- In March 2023, the share of persons receiving a monthly salary of 2,400 GEL and more amounted to 21.4%, which was 8.6 percentage points more compared to the corresponding period of 2022, and 8.1 percentage points higher than the corresponding period of 2021.
- In March 2023, the number of persons receiving a monthly salary of 9,600 GEL and more, increased by 29.9% compared to 2022 and 67.5% compared to 2021. The share of persons receiving a monthly salary of 9 600 GEL and more amounted to 3.1% in March 2023.

Source: Revenue Service*

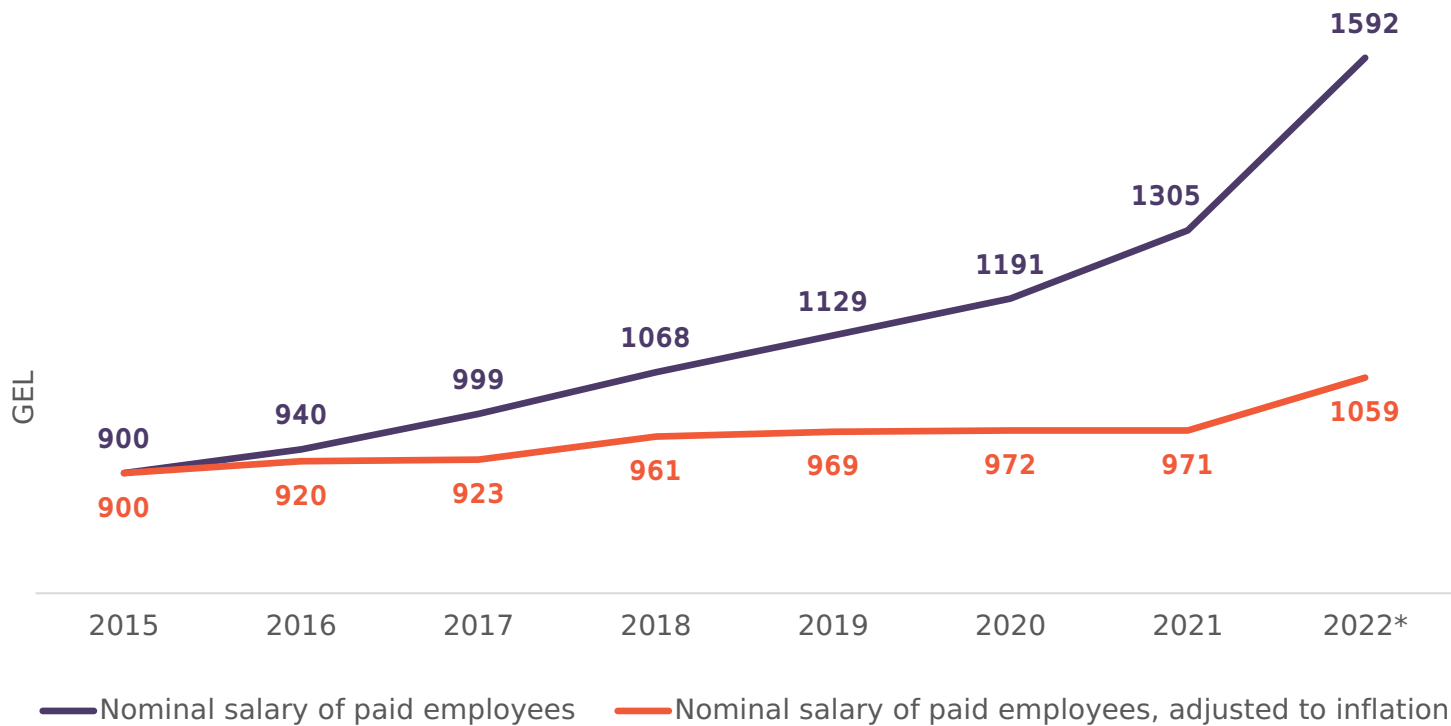
* The data provided by Revenue Service is not final and might increase. (Last viewed on 19.04.2023). The data represents gross salaries.

** The decrease of the share of 0-599 GEL and 600-1199 GEL categories in the Q4 of 2022 was largely due to a notable number of people receiving the 13th salary in December.



SALARIES OF PAID EMPLOYEES

Nominal and inflation-adjusted salaries of paid workers, 2015-2022



* Preliminary data

Source: Geostat, PMC RC

- 👤 In Georgia, the nominal salaries of paid employees grew by 76.8% from 2015 to 2022. However, the growth of salaries over the same period, adjusted for inflation, was only 17.6%.
- 👤 It is worth noting that real GDP growth from 2015 to 2022 amounted to 34.7%, which is twice the growth rate of inflation-adjusted salaries. This implies that the GDP growth has not been adequately reflected in workers' salaries.



INDICATORS

	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4
Number of people in the labor force (thousands)	1515.0	1528.9	1505.7	1447.2	1559.1	1592	1536.1	1490.7	1551.5	1609.4	1554.7
Number of employed people (thousands)	1237.6	1269.1	1197.9	1129.7	1214.6	1281.2	1244.2	1201.1	1269.9	1358.6	1305.2
Number of hired employed people (thousands)	839.5	845.3	805.1	782.8	831.7	861.9	841.1	817.7	867.9	913.8	884.1
Number of self-employed employed people (thousands)	397.6	423.1	391.9	345.7	381.8	418.6	402.4	382.3	401.2	444.3	420.4
Number of unemployed people (thousands)	277.4	259.8	307.8	317.5	344.6	310.8	291.9	289.6	281.6	250.7	249.5
Labor force participation rate (%)	50.3	50.3	50.0	48.3	51.4	52.8	51.2	49.9	51.5	53.5	52.7
Employment rate (%)	41.1	41.8	39.8	37.7	40.1	42.5	41.5	40.2	42.2	45.2	44.2
Unemployment rate (%)	18.3	17.0	20.4	21.9	22.1	19.5	19.0	19.4	18.1	15.6	16.1
Average nominal monthly salary (GEL)	1150.1	1239.5	1314.7	1256.2	1328.0	1368.5	1463.8	1446.5	1541.3	1595.0	1773.7

Source: Geostat



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