Effective Employment Policy as a Component of Strengthening Economic Development (Case of Georgia)

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Poverty is one of the greatest challenges for Georgia, which is directly related to the issues of effective management of active or passive employment policy. The purpose of the research is to identify the challenges of employment policy and future opportunities in Georgia. The paper presents the results of qualitative and quantitative research with target groups (socially vulnerable persons, unemployed, large families, pensioners, employees etc.) And then the economic and statistical analysis of the collected data is conducted. Logistic and multinomial models are used for analysis. For binary dependent variables, logistic regression is constructed. Based on the research, conclusions and recommendations are formulated for the implementation of effective employment promotion policies and to approach sustainable development goals.

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1 Introduction

According to the UN Sustainable Development Plan 2030, the most prioritized are social issues. The first three goals of sustainable development are the eradication of poverty and hunger and the creation of an effective healthcare system in the UN member states. In addition, within the framework of the partnership, it is emphasized that decent working conditions, economic growth and also reduction of inequality within and between countries should be ensured.

Sociological studies confirm that poverty is one of the greatest challenges for Georgia, which is directly related to the issues of effective management of active or passive employment policy. In various surveys, in which businesses were included along with citizens of Georgia, most of them named the challenges of employment as the main difficulty. Today in the country we have a large number of job seekers, unused human resources, as well as an imbalance between the demand and supply of professions. It should be noted that there are half a million people receiving social assistance in Georgia, there are frequent cases when people refuse to get employed and look for jobs in order to receive or maintain social assistance from the government. As a result of long-term unemployment, part of the population needs retraining in order to improve their qualifications and more assistance for integration into the labour market. Unused workforce hinders both business and the social and economic development of the country as a whole.

According to the 2022 data from the National Statistical Service of Georgia, the unemployment rate is 17.3%. The unemployment rate among young people is particularly high. 1.2 million people are employed and 344 thousand are unemployed. It should also be noted that 31% of employees are self-employed and mostly structurally unemployed (Tavartkiladze, 2021).

Despite many programs supporting employment (training of job seekers, targeted programs, career planning services; supportive employment, profiling of people, etc.) we still have unused labour resources on the one hand and vacant places with a shortage of labour on the other hand (Tavartkiladze, M ., Phirtskhalashvili, A., 2021) and is characterized by short-term and unstable employment due to certain reasons.

Some of the international organizations represented in Georgia are actively working on the problems in the socio-economic direction of Georgia. For example, the representation of the Friedrich Ebert Foundation in Georgia - one of the main directions of the foundation's activity is social justice, economy and labour rights. With the support of the foundation, more than one study has been carried out, which reflects the socio-economic situation of the population of Georgia and examines the possibilities of getting out of the current situation (Friedrich Ebert Stiftung, 2016).

It should be noted that the social security system in Georgia is mainly based on the social assistance (living allowance) program, which was created in 2006 and has been changed many times since then, although the research conducted by the United Nations Children's Fund (UNICEF, 2022) shows us that it still functions with significant gaps - for example, The program covers only 54.3% of the poorest part of the population. For this analysis, it is more important to note that the current system is focused on the poorest part of society and its purpose is not to financially support people during unemployment. In general, social assistance systems, by their content, focus on poverty reduction, and thus, their target is the poorest households. Consequently, those working in the informal sector, who sometimes earn more than the average salary, are not included in the mentioned system. There are no accurate data on this topic in Georgia, although the conducted studies confirm that part of the recipients of subsistence allowance are engaged in informal economic activities in the country. Consequently, these people remain without any social protection mechanism (Tavartkiladze, M., Phirtskhalashvili, A., Shaburishvili, 2022), which puts them at great risk in case of temporary or long-term unemployment.

There are frequent cases when individuals refuse to seek and employ work in order to receive/maintain social benefits from the state. Studies also confirm (Boschman S., Maas I., Vrooman J., Kristiansen M., 2021) that taking a low-income job will reduce the intensity of the job search and may indicate low productivity and therefore will not give people their own means of subsistence. As a result of long-term unemployment, a large part of the working-age population remains outside the labour force.

Based on the urgency of the issue, tracking and studying the mentioned challenges will help the decision-makers in the direction of employment to change the existing unfavourable reality.

2 Methodology

We conducted in-depth interviews with representatives of state agencies and non-governmental organizations to reveal the current situation, challenges and future opportunities in the employment market in Georgia. In order to verify the results identified within the qualitative research, we conducted quantitative research across Georgia with target groups: socially vulnerable persons, unemployed, large families, pensioners and employees. More than 600 people were interviewed throughout Georgia. And then we made an economic and statistical analysis of the collected data. We used logistic and multinomial models for analysis. For binary dependent variables, we constructed logistic regression, and to analyse variables with several possible outcomes, we constructed multinomial regression. The article presents the chances of an individual falling into the socially vulnerable category; Models of risks of individuals falling into the category of socially vulnerable, causes of unjustified job loss and corresponding measures, etc.

3 Employment market research results in Georgia

According to the studies conducted to evaluate the quality of enforcement and effectiveness of regulations in the direction of employment, it was determined that:

The age variable is a statistically significant variable. An increase in age by 1 year decreases the chances of an employment offer by a numerical value of 0.035;

German, Russian and Turkish languages are not significant variables in terms of the influence of language skills on employment chances. Only the English language is statistically significant. Knowledge of English at the first level increases the chance of a job offer by 1.08, knowledge at the second level by 1.06, and knowledge at the third level by 0.94;

Marital status turned out to be quite an important variable for research purposes. The second category (single) increases the chances of a job offer by 0.7 with almost 100% statistical accuracy. Category 3 (divorced) and 4 (widowed) with a 10% error probability of 0.4 and 1.7;

The gender variable has a small positive value, which means that men have relatively more chances of employment;

A doctor's degree increases the chances of employment by 1.73, a master's degree by 1.44, and a bachelor's degree by 1.58, i.e. more than a master's degree. This is an interesting and logical fact because bachelors are more motivated and more job seeking than masters who have more academic aspirations and less work motivation than bachelors do;

According to the research, it was revealed that 25.8% of the respondents worked overtime without pay, and 16.8% were restricted from taking annual paid leave. The right to use annual paid leave was restricted the most in the private sector - 46.6%. It should be noted that this right was violated by 16.1% of employees in the private sector;

22.6% of the respondents did not work in the night shift. And 10.9% did not benefit from the relevant benefits;

The research found that there is little discrimination of citizens based on their gender. Only 1.1% of the respondents indicate the facts of discrimination;

11.1% of the respondents lost their jobs without reason, although 81.8% of them did not take any measures, this fact indicates the low trust in the relevant structures and the need for financial or consulting assistance of such persons;

For 8.5% of the respondents, their health condition worsened during the performance of official duties. According to the collected data, for 52.9% of respondents, the employer did not provide assistance when their health condition worsened;

Research has shown less awareness and effectiveness of employment sources. 54.9% of job seekers refer acquaintances-friends for employment. Only 0.5% applied to the Department of State Employment Programs and registered at worknet.gov.ge;

Due to the Covid pandemic, 22.6% are working remotely and have kept their jobs, while 40.2% are not working and the Covid pandemic has further reduced their chances of working;

The research revealed a low awareness of the activities of trade unions and a general underestimation of their role. According to the results, 43.4% have no information about the benefits of joining a professional union;

More than half of the respondents do not have information about social security and social assistance projects or cannot use them.

72.4% of respondents have no information that socially vulnerable persons, in case of employment, maintain their social status for 12 months, and the benefits for the next 12 months. And 3.3% do not trust the received information, because obtaining a socially vulnerable status is a difficult bureaucratic process;

51% of the respondents believe that the higher education funding program for entrants needs to be improved according to the results of the national exam, not their social status, and 14.2% believe that it is unfair. 58.5% of respondents have no information about internship and subsidy programs. Only 9.3% benefited from the mentioned programs. 69.4% of the respondents with secondary education have no information about the state programs of professional training and retraining. The mentioned circumstance testifies to the low awareness of the programs and, accordingly, their low contribution to employment.

We used logistic and multinomial models to inspect the collected information. For binary dependent variables, we constructed logistic regression, and to analyze variables with several possible outcomes, we constructed multinomial regression.

With the model of an individual falling into the socially vulnerable category, we investigated the chances of individuals falling into the socially vulnerable category. In particular, we evaluated the influence of age, gender and education parameters on the chances of an individual falling into the socially vulnerable category (Table 1). The z-value tests the null hypothesis that the coefficient is zero. By default, for a 5% significance level, it should fall outside the ±1.96 limits. The significance in the

model is much higher than 5%. This is also confirmed by the probability of Pr(>|z|), which is much lower than 0.05 for all parameters.

```
Deviance Residuals:
    Min       1Q   Median       3Q      Max
-1.4630  -0.7831  -0.6044   1.1488   2.2753

Coefficients:
                Estimate Std. Error z value Pr(>|z|)
(Intercept)    -2.007719   0.486601  -4.126 3.69e-05 ***
age             0.019413   0.006186   3.138   0.0017 **
gender1fe2male -1.039027   0.263062  -3.950 7.82e-05 ***
Education       0.721091   0.100477   7.177 7.14e-13 ***
---
Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

(Dispersion parameter for binomial family taken to be 1)

    Null deviance: 719.64  on 600  degrees of freedom
Residual deviance: 649.32  on 597  degrees of freedom
  (7 observations deleted due to missingness)
AIC: 657.32

Number of Fisher Scoring iterations: 4
```

```
                          Estimate     OR
(Intercept)     -2.0077 0.1343
age              0.0194 1.0196
gender1fe2male  -1.0390 0.3538
Education        0.7211 2.0567
```

Figure 1: Risks of individuals falling into the socially vulnerable category

The Probability of an individual falling into the socially vulnerable category increases with age (Figure 1). Men are less likely to fall into the socially vulnerable category than women. As for education, the risk of falling into the socially vulnerable category increases for individuals with lower levels of education. With increasing age, the risk of an individual falling into the socially disadvantaged category increases 1.02 times. Men are 0.4 times less likely to fall into the socially vulnerable category than women. And, for individuals with lower levels of education, the risks increase 2.06 times.

We included another variable, working ability (Figure 2), in the model. Adding this variable further increases the explanatory power of the model, and returns the age variable to statistical significance. According to the results, the risk of falling into the socially disadvantaged category among individuals with disabilities is 3.2 times higher than among able-bodied individuals. Note that the age variable has changed its sign. In this case, the model tells us that with increasing age, the chance of falling into the socially vulnerable category is 0.9 times lower. We may look for a logical explanation

for such a result: we have seen above that in the distribution of respondents, the population between 18 and 50 years prevails. That is, the population of the age that is more active in terms of employment and opportunities, so their chances of falling into the socially vulnerable category may be lower.

```
Deviance Residuals:
    Min       1Q   Median       3Q      Max
-2.3840  -0.4495  -0.1889   0.3857   3.6287

Coefficients:
                     Estimate Std. Error z value Pr(>|z|)
(Intercept)           3.78134    0.93891   4.027 5.64e-05 ***
age                  -0.01697    0.00850  -1.996 0.045928 *
Shromisunarianoba12   1.15237    0.57699   1.997 0.045802 *
D114                 -1.54803    0.16490  -9.388  < 2e-16 ***
D214                 -0.86480    0.09940  -8.700  < 2e-16 ***
gender1fe2male       -0.82497    0.34041  -2.423 0.015372 *
Education             0.53160    0.13842   3.840 0.000123 ***
---
Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

(Dispersion parameter for binomial family taken to be 1)

    Null deviance: 700.61  on 580  degrees of freedom
Residual deviance: 369.72  on 574  degrees of freedom
  (27 observations deleted due to missingness)
AIC: 383.72

Number of Fisher Scoring iterations: 6
```

```
                    Estimate      OR
(Intercept)           3.7813 43.8746
age                  -0.0170  0.9832
Shromisunarianoba12   1.1524  3.1657
D114                 -1.5480  0.2127
D214                 -0.8648  0.4211
gender1fe2male       -0.8250  0.4382
Education             0.5316  1.7017
```

Figure 2: The model of the risks of individuals falling into the socially vulnerable category

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                              Dependent variable:
                  --------------------------------------------
                            2                      3
                           (1)                    (2)
--------------------------------------------------------------
Education                 0.719                  1.223
                         (0.378)                (0.326)

age                       0.991                  1.031
                         (0.029)                (0.024)

A215                      0.732                  0.460**
                         (0.410)                (0.373)

A912                    0.00002***              0.0002***
                         (0.989)                (0.985)

A613                      0.774                  0.950
                         (0.523)                (0.485)

A813                      0.688                  1.345
                         (0.416)                (0.383)

Constant          494,383,717,392.000*** 2,195,872,668.000***
                         (1.141)                (1.079)

--------------------------------------------------------------
Akaike Inf. Crit.        404.115                404.115
==============================================================
Note:                              *p<0.1; **p<0.05; ***p<0.01
```

Figure 3: The model of losing a job without reason.

Within the framework of the research, we built a model of the reasons for losing a job without reason and corresponding measures (Figure 3), in which the question asked the respondents whether they lose their job without reason and whether they turn to you for help, according to the experience of the last 5 years, is analysed.

2.6% of respondents lost their jobs without reason and applied for help. 8.5% of respondents lost their jobs without reason and did not apply for help. 88.9% did not lose their job without reason. Our target group is the 2nd group: lost their job without reason and did not apply for help. Let's estimate a multinomial model to see the odds of falling into this group given the different characteristics of different individuals. It turns out that the only statistically significant predictor is work experience, which tells us that as the number of years of work increases, an individual has a higher chance of falling into the first group to lose his job and apply for assistance than the third group of not losing his job.

4 Conclusion

The state employment policy takes into account a number of support measures for job seekers, as well as social benefits for the unemployed. Despite numerous such measures, there are challenges in the effective implementation of the employment policy and there is a need to respond to them.

It is important to adapt social assistance packages to market requirements. In connection with this, recommendations have been made in the study, including:

- -Eliminating the problems of the phenomenon of dependence on social support. It is important to turn people into competitive, motivated citizens who will fully participate in the labour market. Qualitative and quantitative studies have shown that a share of the socially vulnerable are informally employed, with the reason that they will be deprived of benefits. It is important to give them a better salary instead of an allowance, to employ them and to turn able-bodied people into competitive, motivated citizens who will fully participate in the labour market.
- Registration and control of the unemployed as job seekers;
- introduction of unemployment allowance;

- Eliminating the problem of unstable jobs
- Implementation of a complex reform in the direction of employment
- Introduction of social insurance
- Revision of the poverty reduction policy and legislative changes regarding the provision of targeted assistance.

We hope the established recommendations will render assistance to the employment policymakers for the development of the policy respective to the latest challenges and for seeking the facilitation ways of new opportunities for sustainable development.

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