

## FEATURES OF THE LABOUR MARKET IN GEORGIA

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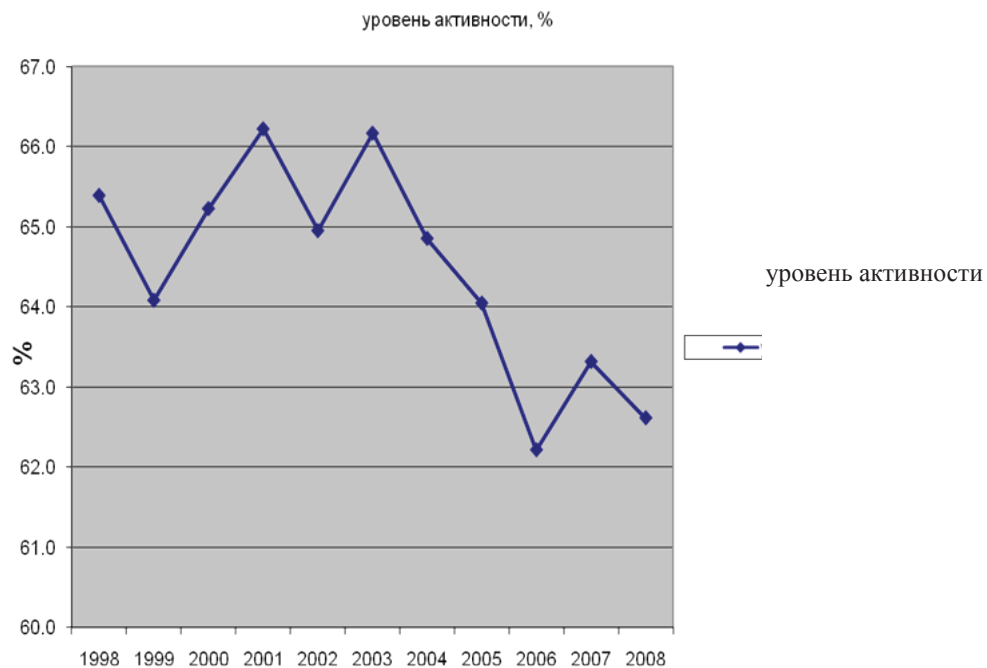
The worldwide process of economic globalization expressed in strengthening of interrelations between the economies of different countries complicates and limits the possibilities of states to make influence on the macroeconomic processes of the national economy. The aforementioned relates first of all to the state regulation of employment. The process of globalization illustrates more and more clearly the existing differentiation between the production efficiency, compensation, and the labor conditions. That, in its turn, increases a wish of migration of the labor force on one hand, and limits this process, on the other hand. All these factors objectively cause a necessity of implementation of the labor protectionism policy. The latter should take place in two directions: 1. Direct administrative influence; and 2. Indirect protectionism, when production of the local products is increased and the new job places are created.

In the last years, similarly with the global processes taking place in the international labor market, the changing tendencies of the Georgian labor market requires a development of private employment agencies and promotion of elaboration of mecha-

nisms for their regulation. In conditions of formation of the market relations, an effective creation and operation of the labor market acquires a great importance, since just with its help the most essential factor of the production – labor differentiation between the different industrial spheres and regions of a country is implemented. If taking into account the fact that the levels of social-and-economic development of the regions considerably differ from each other within the country, we can observe a certain dis-balance in distribution of the labor forces.

We should take into consideration also the fact that in Georgia, a value of the labor force and a cost of the living minimum are in a clear clearly expressed mismatch to each other, that causes a deformation of the demand-offer elements, on the labor market. At the same time, considerable changes in the nature of economic relations connected with transition to a free price-formation system, a mechanism of funding the production costs, and an inflation rate, increases more and more obviously a difference between the process and the value of the labor force. When re-estimating a rate of compensation by this or that branches of economy, we can reveal that a level of salaries in single cases does not really bear a function of production, of a social nature

In the course of transition into the market relations, the proportions in the field of employment have changed critically. As a result of the current process of restructuring (reorganising) in the state sector a level of employment has reduced with causing a very serious effect on formation of the labour market in Georgia. The indicators of activeness of the population have reduced, also.



For instance, the rate of activeness of the Year 2008 in comparison with the same indicator of the Year 2002, reduced by 2,3 %.

During the period of 2002-2008, a number of employment lowered from 1839,2 thousand to 1601,9 thousand. As a result of considerable reductions having taken place in the state sector, the rate of employment in the private sector increased however, its scope cannot provide a guarantee of a full-range employment of those dismissed from the state sector.

Among the hired individuals, the highest share comes on 35–44 and 45–54 age groups . While a number of the self-employed makes 35,3 % . As to the sex structure of employed, here men are introduced with a relatively high rate than women.

If analyse the current state of the Georgian labour market by other indicators, it becomes clear that an uniformed market infrastructure has not been still formed. Therefore it cannot be considered as a civilized and regulated market

The existing crisis-like situations in single branches of the national economy, become more and more sharper because of the current structural changes and expected cut-off of the employees in the country. Result of any type of transformation is a liquidation of existing disproportions and rehabilitation of equilibrium in distribution of the economic resources on the grounds of achievements of scientific and technical progress, that is then reflected in re-distribution of the capital and the labour forces in the developing branches of the economy.

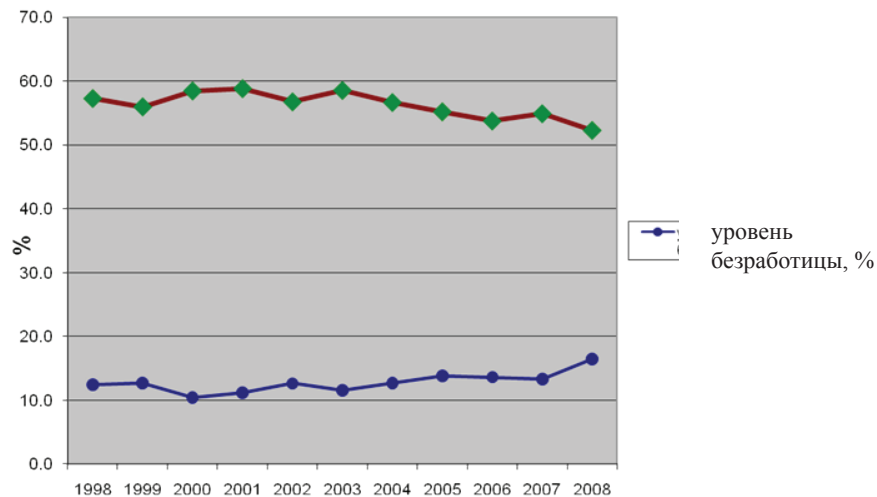
A dynamic of employment and unemployment is given below, on the Chart.

As seen from the Chart, a level of employment has increased by 30 % in comparison with the Year 2002, while a level of unemployment has reduced by 8 %.

Transformation of the economic system of Georgia like in many other countries, has formulated a qualitatively new situation in the sphere of employment. This is conditioned by the fact that a priority task of transformation in the sphere of the labour market is a striving of the government to make it more mobile.

The main momentum of the program of reforms carried out by the government, has become a thesis that the actuated market forces are able to create more effective labour system. It's natural, that in Georgia, a sharp shifting of the vector of the economy in Georgia, like practically in all post-soviet republics had a number of negative effects on the labour market. Such the reduction of the production and the resulted limitation of the budgetary financial resources forced the government to cut the expenditures allocated for the labour market programs just in the times when implementation of such programs were urgently needed. All these have caused an increase of the low-compensated groups of population, increase of the unemployment, part-time employment, etc.

уровень занятости и безработицы



Despite the governmental attempts to carry out an active social policy, the problems are still remained, first of all because the policy of incomes, as a rule, does not cover the private sector. Symptomatically, on the current stage of the economic reforms the pensioners and the women formed the largest group of population who lost the job places. Number of migrants increased also in the same period.

At present, a wide spectrum of the employment-related problems are being accumulated in the country, requiring a purpose-oriented and stage-by-stage adaptation with the new economic conditions.

The reality formed, requires new approaches to the problem of employment, like: introduction of the advance system of registration of the unemployed and those seeing to work; Development of the necessary measures for the purpose of an effective use of the labour forces, etc.

For activation of the social factors necessary to increase the level of employment, the factors listed below are necessary to be foreseen, namely: creation of the institutional system able to ensure the macroeconomic mechanisms of increasing the employment; Systematization of separate directions of the employment policy. Optimization of the system of registration of the unemployed and those seeking to work; Creation of the advanced system of professional training and/or re-training of the personnel.

The social factors of increasing the level of employment are considered to be the moving force of the macroeconomic regulation which should support the optimization and minimization of expenses the State needs for the labour market for the purpose of ensuring a social stability.

A way to the effective policy of employment is not straight. It is multi-staged one where those social factors of increase of the employment are necessary to activate first of all, which will strengthen the possibilities of attraction of the financial resources on one hand, and will assist us in ensuring the social stability, on the other hand.

These problems may be classified and grouped in five fundamental tasks:

- 1) perfection of the legislative basis of the labour market and establishment of the superiority of laws;
- 2) implementation of the well-balanced policy of employment directed to the macroeconomic stability of the country;
- 3) strengthening the investments in development and improvement of the infrastructure of employment;
- 4) support, through issuing the allowances and other social aids to the unemployed and those seeking for working;
- 5) improvement of the ecology protection-related measures.

Acceleration of the economic reforms started in the country, plays a considerable role by view of the long-term and sustainable development and naturally speeds up the temps of increase of the level of employment. Proceeding from the above mentioned, future programs for the economic reforms are necessary to draw up, in order to minimize the chances of occurrence of undesired events related to the problems of employment of those, being super-sensitive to such changes.

For implementation of the aforementioned tasks, it is necessary:

- To study-in the structure of the unemployed population;
- To remove the administrative barriers;
- To perfect the currently applied mechanisms of protection of the unemployed population.

In the course of determination of the social factors of increase of the level of employment, it is necessary to study duly and consider the perspectives of participation of the state potential in settlement of these problems. It is especially important to determine motivation of the protective functions of the state, since in a number of cases a motivation acts not less considerably on behaviour of the government, than the resources or learning.

Activation of the social factors of increase of the level of employment is facing with a number of barriers, of which we consider necessary to single out the following ones: Complicated process of adaptation of the labour resources to the condition of the labour market; Increase of inequality not only among the separate strata of population, but among the regions of the country as well; Lowered possibilities of the budget, that reduces the perspective; migration of an active part of the labour resources and their employment abroad; Increasing share of the economically inactive population in the structure of the labour resources.

Proceeding from the above mentioned, Georgia, declaring its desire to combat both poverty and unemployment, should have a strategy that will resolve conceptually the above listed tasks. We think that this concept must be based upon an effective

cooperation between the state and the society, since the country with limited financial resources has not the right to interfere in these processes without conducting a detailed analysis and calculations of its assets. Otherwise, such an interference may be destructive, rather than constructive.

It is necessary to create in the country a legal environment where all citizens will have a possibility to receive both professional training and relevant consultations with no cost.

It seems also essential to introduce additional guarantees to certain social groups being in lack of competitiveness on the labour market. Among such groups we may list the youth, invalids, single mothers, large families, etc. A penitentiary system of the country must also be included in the employment-related programs, because fighting against crime as well as the large-scaled preventive measures are very important by view of employment and social rehabilitation of prisoners.

On the current stage of development, a special attention should be paid to reforming the employment infrastructure, since it is one of the important segments of the social infrastructure. However, this can be done in case only, if both strategic and tactical measures are well-coordinated and acceptable for all participants of the labour-related legal relations. We mean here a coordination of interests of employers, employees and unemployed.

At present, unemployment is considered throughout the world as a case of insurance and, requires introduction of a relevant institutional system of insurance. However, this is a long-term perspective for Georgia.

For the programs of departmental employment it is necessary to develop typical models of the social cooperation in the enterprises, which perspectives of development differ from each other. Therefore, existence of the employment agencies on the labour market and increase of effectiveness of their operations directed to finding the job places, acquires great importance. It seems to be necessary also to provide such agencies with the IT systems. any citizen should have an opportunity to receive any required information. A spectrum of services of the employment agencies should also be widened.

To form the labour potential and implement the effective state policy, it is necessary to include actively in this process not only the state, but the civil society institutions, as well ( under the term “civil society institutions” we mean an unity of the public unions and politically independent organizations able to resist to the governmental influence within the legally permitted limits).