



Research

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YOUTH EMPLOYMENT IN GEORGIA

Economic Outlook and Indicators in Georgia

Issue #148





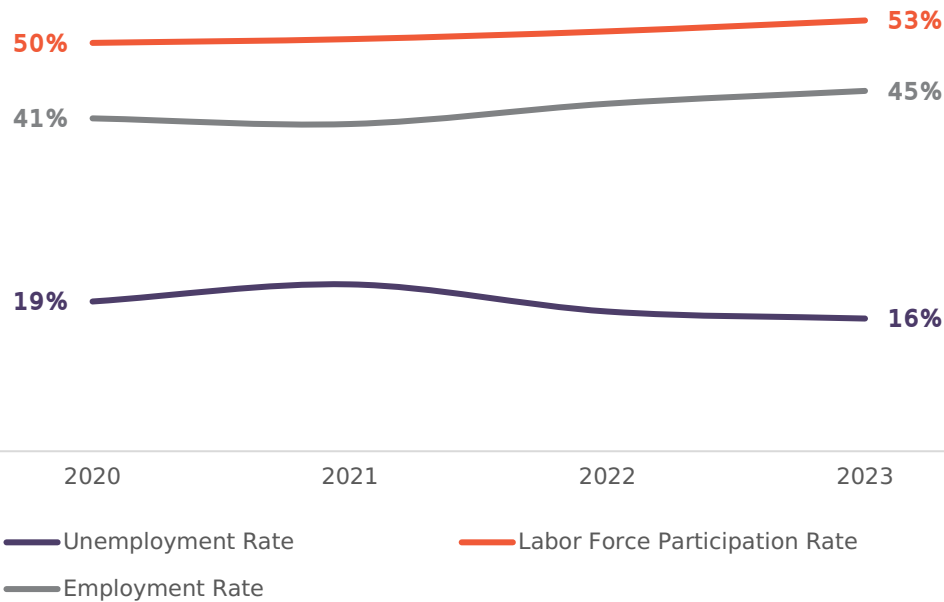
EXECUTIVE SUMMARY

- **During 2020-2023, the contribution of youth (those aged 15-24) to the Georgian labor market declined.** In particular, youth's performance in key labor market indicators decreased over the reporting period, even though during this time the proportion of youth among the total population aged 15 and older remained stable.
- **The decreasing youth labor force participation has been driven by emigration.** Between 2020 and 2023, a considerable number of youth left the country, most of whom were unemployed and seeking jobs.
- **The increase in higher education correlates with a drop in youth labor force participation.** Many of youth felt discouraged from entering the workforce and instead chose to pursue higher education, as evidenced by the increase in the number of students in Georgia.
- **From 2020 to 2023, some distinct challenges affected youth employment.** Specifically, the noticeable decrease in the number of employed youth in this time could be at least in part attributed to barriers such as limited part-time job availability and working terms and conditions not aligning with youth preferences and educational commitments.
- **In Georgia, part-time job opportunities are lacking for youth, with only 9% of employed youth engaged in part-time employment in 2023,** well below the EU average of 33%. This imbalance significantly impacts youth employment outcomes, essentially forcing many to choose between educational attainment and securing stable employment.
- **Approximately one out of every five young persons in Georgia neither works nor studies.** Even though some progress has been made in integrating more youth into education, the high rate of those categorized as “Not in Education, Employment, or Training” (NEET) compared to the EU average demonstrates that this is a persistent obstacle for youth in transitioning from education to employment in Georgia.
- **In 2023, only 7% of youth worked and studied,** while only 10% of youth enrolled in education had a job, suggesting that young people struggle to secure employment while studying.
- **Between 2020 and 2023, salaries for youth were on average 35% lower compared to the working-age population.** Generally, salaries in the youth category increase with age and are closely linked to higher educational attainment and experience.
- **Gender disparity has a persistent effect on youth employment and educational choices in Georgia.** More young men enter the labor force compared to young women, who also suffer from a widening gender pay gap on the labor market.
- **In 2023, there was no significant difference in youth labor force participation between rural and urban areas in Georgia.** However, over the covered period for the entire working-age population, urban areas exhibited higher unemployment rates compared to rural areas, except in 2022.
- **In Georgia, youth employment is gaining increasing shares in service-related sectors and positions.** Although agriculture remains the largest employer of youth in Georgia, its share decreased (-7 pp) from 2020 to 2023. Meanwhile, during the same period, the share of service and sales workers increased (+8 pp), a trend not visible in other age categories.

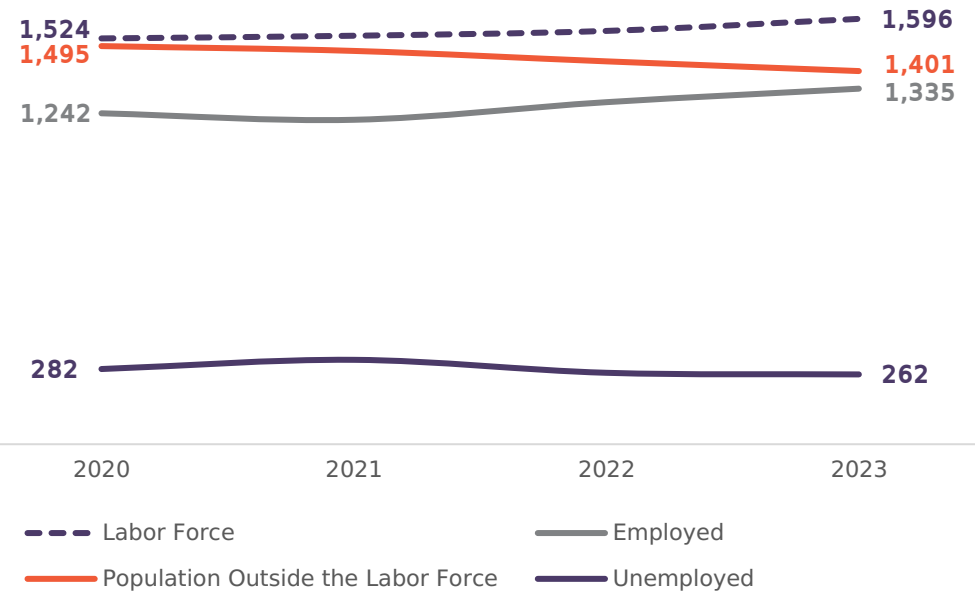


LABOR MARKET INDICATORS

Labor Market Indicators in Georgia



Labor Market Indicators in Georgia (Thousand Persons)



- Before analyzing youth labor market indicators, it's essential to review overall labor market trends to determine if youth trends are specific to the group or part of broader patterns. The efficiency of the Georgian labor market slightly improved in 2023 compared to 2020.* Specifically, the unemployment rate

decreased (-3 percentage point (pp)), while the employment rate (+4 pp) and the labor force participation rate increased (+3 pp).** Despite the moderate improvement, unemployment rate in Georgia remains relatively high, lagging behind the EU's average by 10 pp in 2023.²

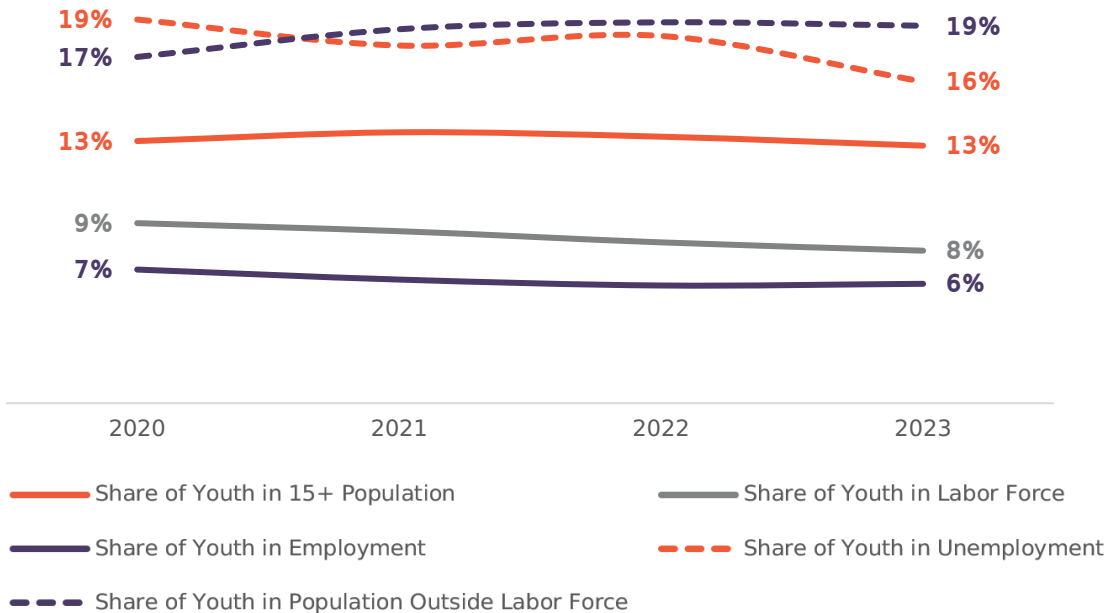
* In 2020, the Covid-19 pandemic and associated lockdowns led to a temporary increase in the unemployment rate.

** The increase in labor force participation can be attributed to both the rising number of people entering the labor force and the declining population aged 15 and older, possibly influenced by increased emigration.¹

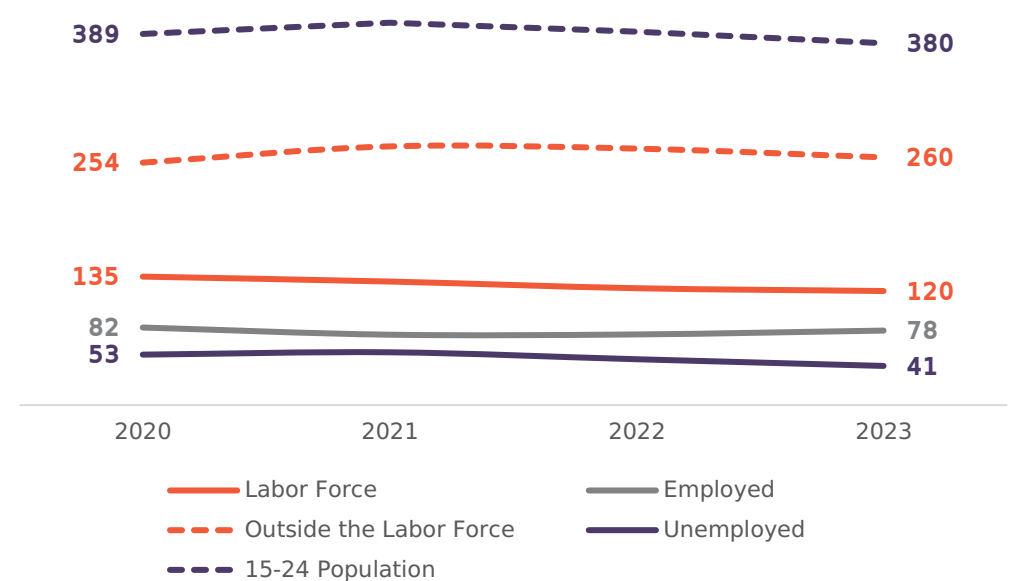


SHARE OF YOUTH IN LABOR MARKET INDICATORS

Share of Youth in Labor Market Indicators



Youth Labor Market Indicators (Thousand Persons)



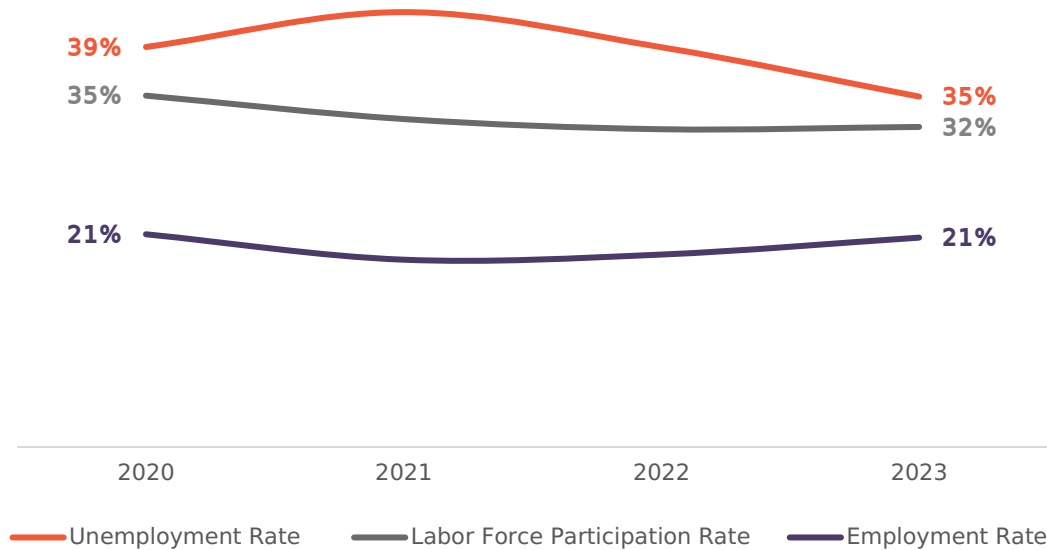
- Despite the moderate improvement in overall labor market indicators, the contribution of youth to the labor market is decreasing. In 2020-2023, the share of youth in the total labor force decreased, even though their share of the population aged 15 and older remained around 13%.
- Youth labor market indicators reveal that the decreasing participation of youth in the labor market is driven by both emigration and extended education periods. During 2020-2023, decreasing youth population and labor market indicators suggest that unemployed youth who were searching for jobs

- have left the country. Meanwhile, others chose not to join the workforce and instead pursue further education, as evident by increased number of students enrolled in Georgian universities in 2020-2023.³
- Youth face more barriers in the labor market compared to other age groups, as shown by the decline in employed youth despite the overall increase in employment in Georgia during 2020-2023. Specific barriers for youth include unfavorable work terms and a lack of part-time job opportunities.⁴

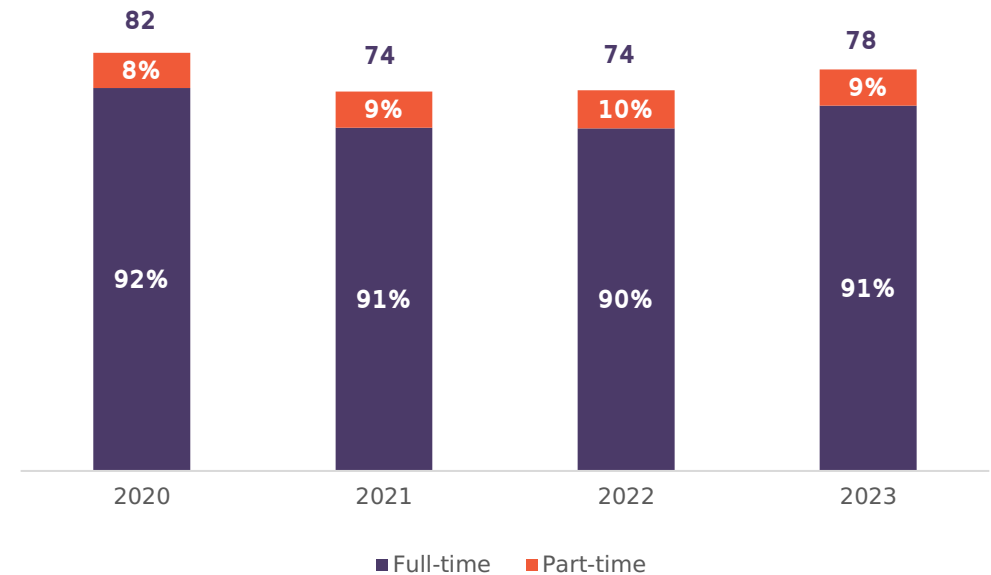


YOUTH LABOR MARKET INDICATORS

Youth Labor Market Indicators in Georgia



Youth Part-time and Full-time Employment (Thousand Persons)



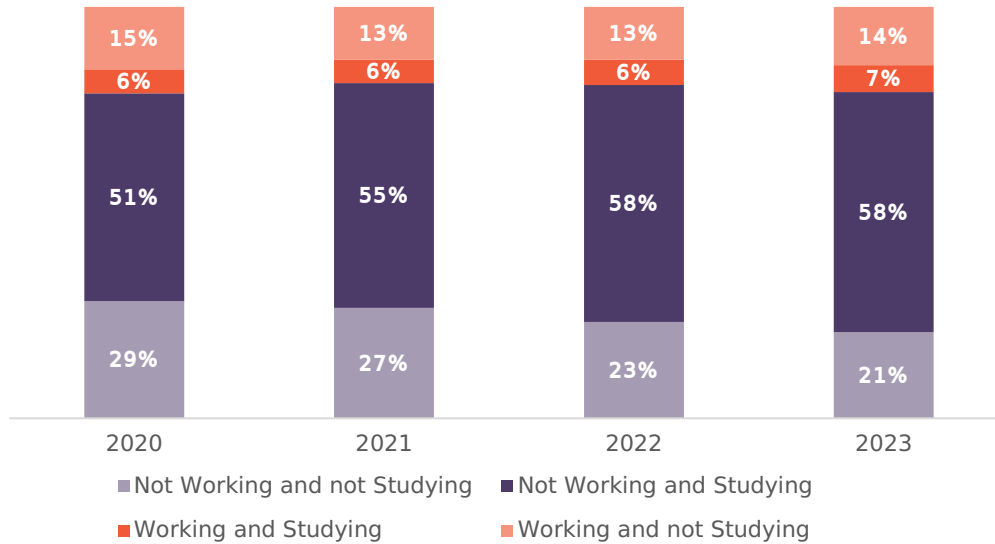
- During 2020-2023, the youth unemployment rate decreased (-4 pp). However, the employment rate remained unchanged, suggesting that unemployed youth have left the labor force (also evidenced by a 3 pp decrease in the labor force participation rate). Despite this, the youth unemployment rate remains significantly high compared to the EU average (14%).⁵
- Youth underemployment in Georgia can be attributed to the lack of part-time job opportunities in the labor market. From

2020 to 2023, the average share of part-time employment among youth was 9%, approximately four times lower than in the EU.⁶ The shortage of part-time jobs contributes to high youth unemployment, as full-time positions are often undesirable for those enrolled in higher education. Therefore, in Georgia, youth is often forced to choose between the quality of their education and the need to earn a livelihood, potentially impacting their future earnings.

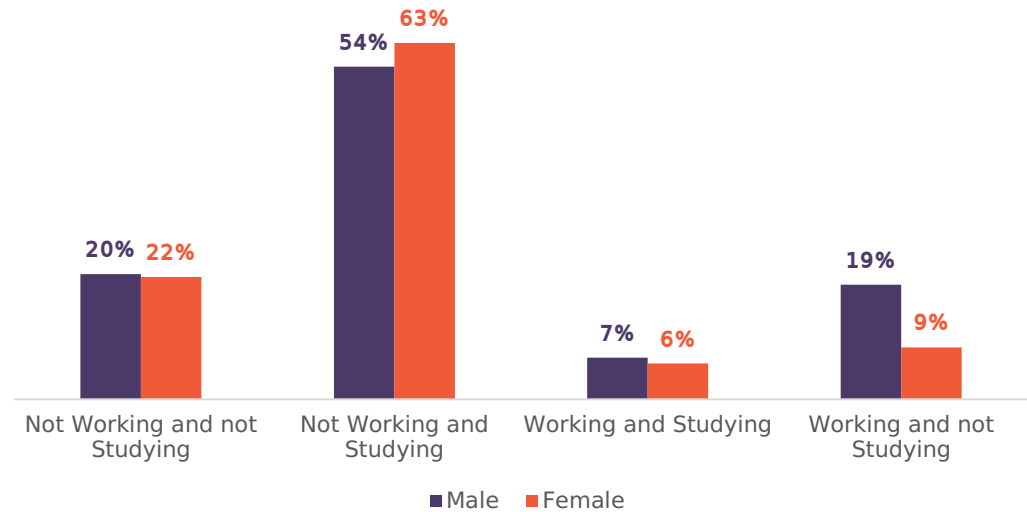


EMPLOYMENT AND EDUCATION STATUS OF YOUTH

Employment and Education* Status of Youth in Georgia



Employment and Education Status of Youth in Georgia by Gender in 2023



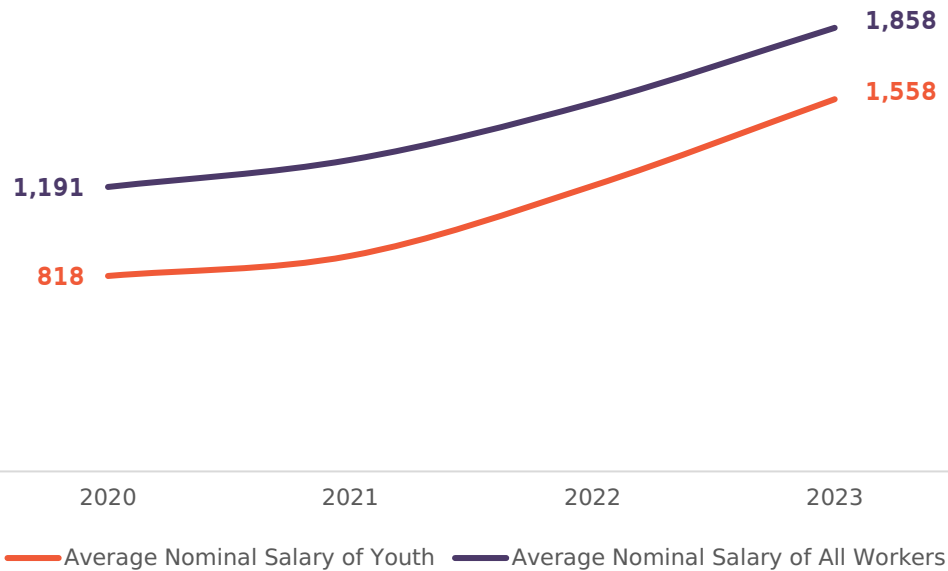
- To understand youth labor market dynamics, it is crucial to assess both employment and education status, with NEET (Not in Education, Employment, or Training) statistics being particularly valuable in showing the proportion of youth not engaged in education or the workforce. Though NEET in Georgia decreased significantly by 8 pp during 2020-2023, it remains higher compared to the EU average (by 5 pp).⁷
- Notably, the decrease in NEET rate is attributed to more youth choosing to pursue further education rather than entering the workforce, as evident from a subsequent increase (+8 pp) in the share of youth who are studying but not working.

- In 2023, only 7% of youth managed to study and work simultaneously. Additionally, just 10% of those who were studying also had a job, which further indicates the shortage of part-time job opportunities in the Georgian labor market.
- Analyzing the youth labor market from a gender perspective is essential to identify any potential gender disparities. In 2023, two key differences were observed: the share of young men working and not studying is higher (by 10 pp) than that of young women, while the share of young women studying and not working is higher (by 9 pp) than that of young men.

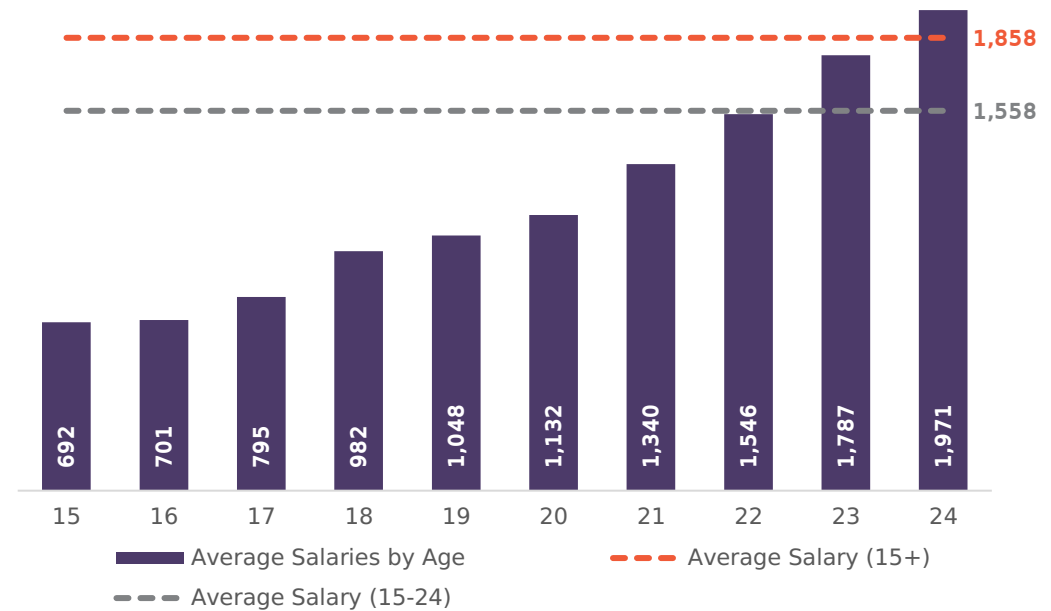
* "Studying" includes individuals enrolled in education or undergoing training.



Average Nominal Salaries of Youth (GEL)



Average Salaries of Youth in 2023 (GEL)



- To gain a full perspective on youth labor market indicators, it is also important to analyze the average salary of youth.* Between 2020 and 2023, youth earned on average 35% lower salary compared to the overall working-age population. The difference can be attributed to their employment on entry-level positions, which typically pay less.

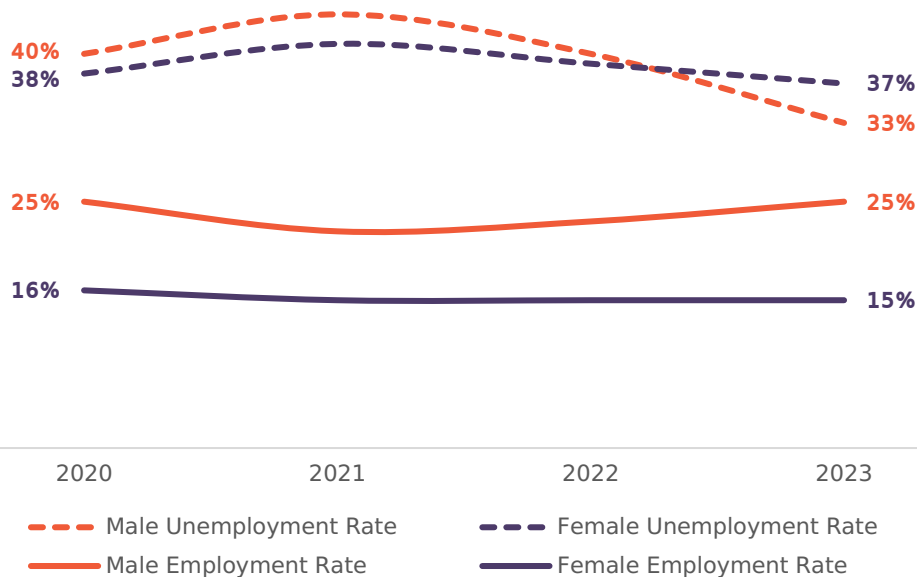
- Average youth salaries increase with age, with the most significant rise (+24%) occurring at 18, when they become eligible for full-time work. Salary increases are strongly linked to attainment of higher education levels: by age 22, average salaries match the overall youth average, and by age 24, they surpass the average salary of the entire 15+ population.

* These salaries represent gross amount and do not cover employment in informal sector.

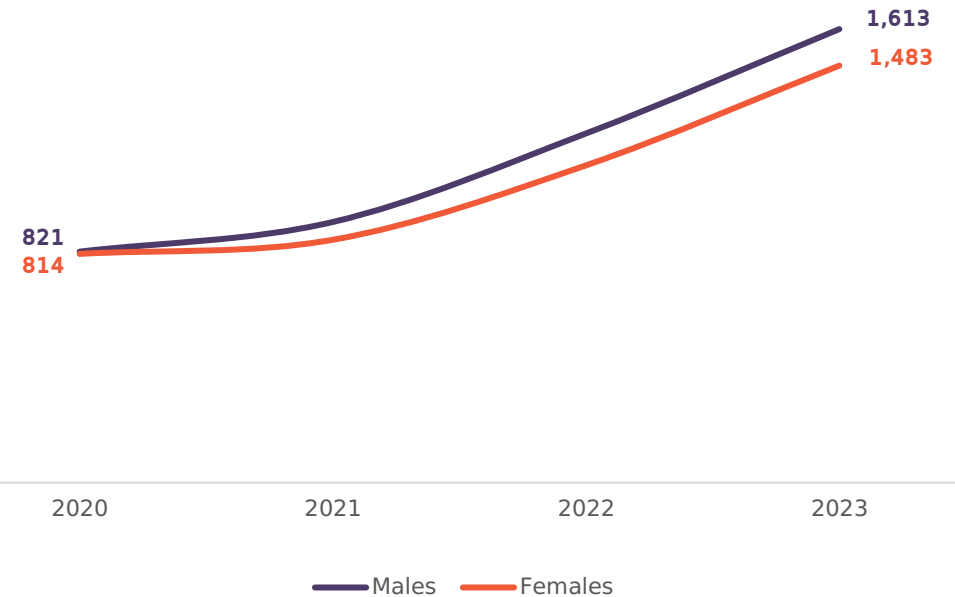


YOUTH LABOR MARKET INDICATORS BY GENDER

Youth Labor Market Indicators by Gender



Average Monthly Nominal Salary of Youth by Gender (GEL)*



- In 2020-2023, female participation in the youth labor force was consistently lower than that of males (on average, by 14 pp), despite them constituting 48% of the 15-24 age group population. During the same period, youth unemployment rates dropped for both genders, but the decrease was more

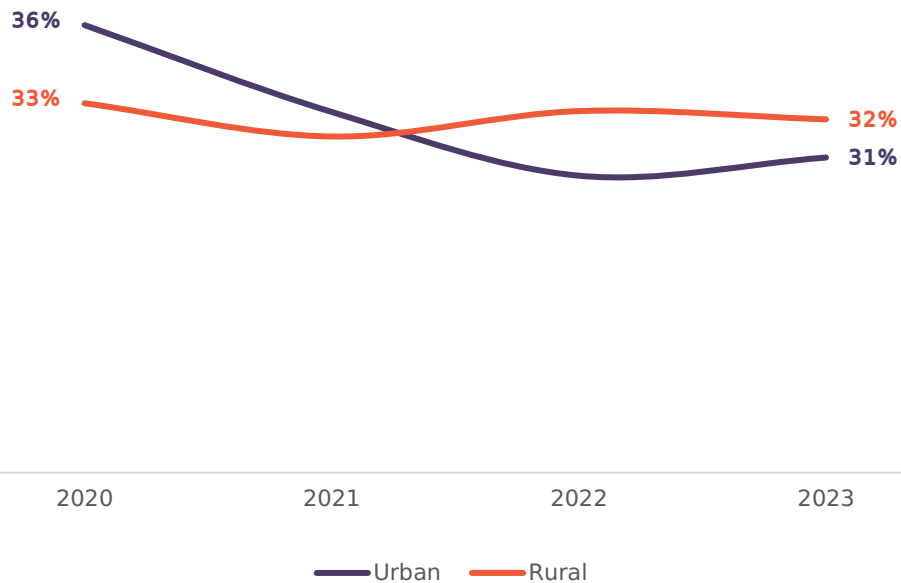
- significant for young males (-7 pp) compared to young females (-1 pp).
- Before the COVID-19 pandemic, there was no gender pay gap among youth. However, by 2023, the gap had increased to 8%.

* These salaries represent gross amount and do not cover employment in informal sector.

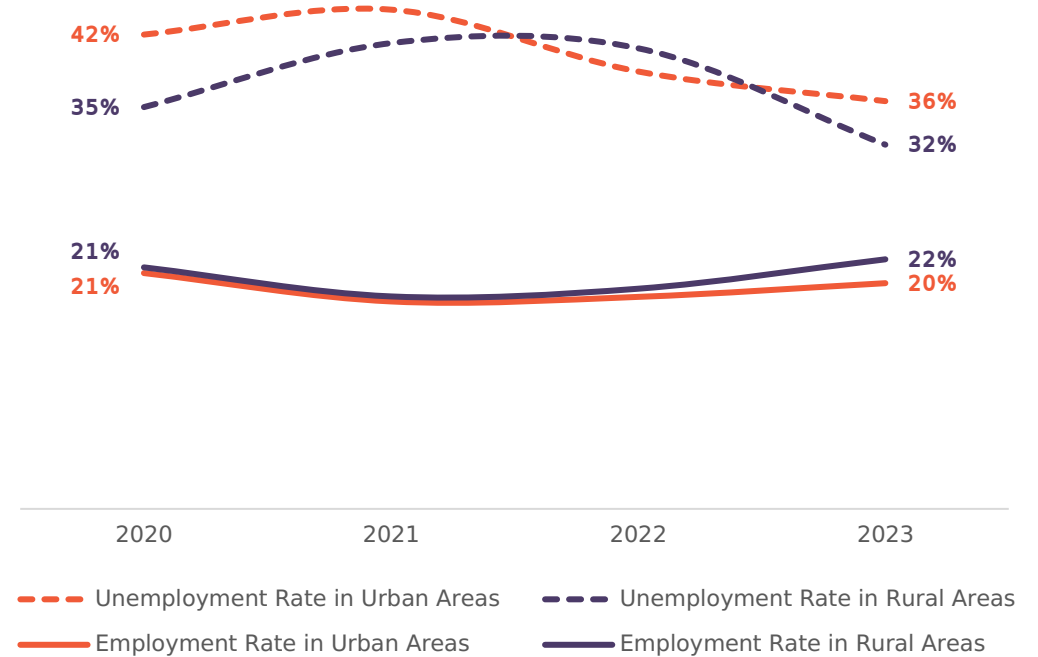


YOUTH LABOR MARKET INDICATOR BY URBAN-RURAL CLASSIFICATION

Labor Force Participation Rate in Urban and Rural Areas



Youth Labor Market Indicators in Urban and Rural Areas



- Evaluating youth employment in both rural and urban areas is crucial for ensuring an inclusive labor market. In 2020-2023, most of the youth (62%) lived in urban areas. During this period, the labor force participation rate in urban areas decreased (by 5 pp), while it remained the same in rural areas.

- From 2020 to 2023, youth unemployment rate decreased in both rural and urban areas. Notably, There are no significant differences in youth employment rate between rural and urban areas.



DISTRIBUTION OF YOUTH EMPLOYMENT BY ECONOMIC SECTORS

Youth Employment by Economic Sectors*



- Youth are predominantly employed in lower-paying and less productive sectors such as agriculture, forestry and fishing and wholesale and retail trade.** Although the highest decrease was recorded in the share of youth employed in agriculture, forestry and fishing from 2020 to 2023, the sector continues to be the primary source of employment for youth. Meanwhile, service-related sectors are becoming increasingly important for youth employment, aligning with global trend, where one-third of

youth work in service-related sectors.⁸

- Following the COVID-19 pandemic, there was an increase in the share of youth employed in the accommodation and food service activities sector, likely attributed to the significant rise in labor demand in this industry as tourism in Georgia began to recover.

* Economic sectors are classified according to NACE Rev.2. Due to the rounding of number, the sum of the data does not always equal 100%.

** Average salaries in agriculture, forestry and fishing and wholesale and retail trade are 50% and 19% lower, respectively, than the average salary of all workers in Georgia.



DISTRIBUTION OF YOUTH EMPLOYMENT BY OCCUPIED POSITIONS

Youth Employment by Occupied Positions*



- Analyzing youth employment across various positions further underlines a significant shift towards service-oriented roles. Notably, this trend is specific to the youth, as during 2020-2023 the share of service and sales workers remained unchanged for overall employment (18%).
- Notably, from 2020 to 2023, the decreasing share of skilled agricultural, forestry, and fishery workers has been a universal

- trend across all working-age groups (-3 pp). However, this trend is much more pronounced among youth (-8 pp).
- In 2023, the share of professionals among youth was 11 pp lower compared to the overall working-age group, where this category constitutes the largest segment. Meanwhile, the share of technical and associate professionals remained consistent across both youth and all working-age groups.

* Occupied positions are classified according to ISCO-08. Due to the rounding of number, the sum of the data does not always equal 100%.



BASIC ECONOMIC INDICATORS

Basic Economic Indicators	2019	2020	2021	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023	Q1 2024
Nominal GDP (mln USD)	17,638.7	16,010.7	18,853.0	24,989.5	6,421.3*	7,687.6*	8,134.8*	8,284.9*	30,536.8*	7,080.2*
GDP per Capita (USD)	4,741.4	4,300.8	5,083.6	6,731.2	1,718.6	2,057.5*	2,177.2*	2,227.5*	8,210.1*	1,916.4*
GDP Real Growth (%)	5.4%	-6.3%	10.6%	11.0%	8.2%*	8.1%*	7.0%*	6.9%*	7.5%*	8.4%*
Inflation (%)	4.9%	5.2%	9.6%	11.9%	7.6%	1.6%	0.6%	0.4%	2.5%	0.3%
FDI (mln USD)	1,354.1	595.3	1,252.7	2,097.9	566.4*	505.7*	316.0*	206.5*	1,594.7*	201.4*
Unemployment Rate (%)	17.6%	18.5%	20.6%	17.3%	16.4%	18.0%	16.7%	15.6%	16.4%	14.0%
External Debt (mln USD)	5,741.0	7,535.1	8,205.3	8,345.6	8,473.0	8,510.5	8,452.8	8,907.8	8,907.8	8,236.3
Poverty Rate (relative)	19.5%	21.3%	17.5%	15.6%	-	-	-	-	-	-

* Preliminary data



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