

Short Country Survey Findings - GEORGIA
Prepared by the Ministry of Education and Science of Georgia for
The BFUG Employability Working Group
December 2007

General Information about Georgian Labour Market

In Georgia, the total labour force of around 2.1 million consists of roughly 600 thousand workers who have formal sector jobs, approximately 1.2 million who are self-employed, and around 300 thousand who are unemployed. The last-mentioned datum represents an unemployment rate of 15 percent¹ (McPherson and Ignatowski, 2007). Although official rate of unemployment (15%) is not alarming, experts maintain that the unemployment rate in Georgia reaches 35-40% (IOM, 2007).

What are the main challenges for your country in terms of employability? What would help you most as an output from this working group?

There are a number of challenges Georgia faces in terms of employability. Below I will focus on five: limited availability of employment opportunities, mostly low quality of officially qualified workforce, certain inadequacy of the skills mix of the active population in relation to the skills requirements of the current market, graduate unemployment, and mostly low wages in education.

➤ *Limited availability of employment opportunities* – general collapse in the demand for labour during since 1990s has been associated with the economic and social disruption following the dissolution of the Soviet Union (McPherson and Ignatowski, 2007). There have not been enough opportunities of employment for those who are seeking a job because of the pace of business developments. Reasons of the slow development of businesses include high tax-rates,

¹ This is computed according to the “soft” unemployment measure defined by the International Labour Office. According to that criterion the “...unemployed indicates a person jobless over the last seven days, [who] is ready to start work in the next seven days, but gave up looking for a job” (IMF 2007, Statistical Appendix Table 8).

low purchasing ability of population, restricted availability of necessary financial resources, limited market, inadequately qualified workforce (IOM, 2007).

➤ *Mostly low quality of officially qualified workforce* – despite the high level of unemployment, there is a great deficit for appropriately qualified and skilled work-force in Georgia (Melikadze, 2007). Even if there are a number of people with certificates in the relevant field of activity, they turn out to be unskilled to perform specific duties associated with the given field of activity (50% of employers maintain that their employees only partially meet job requirements) (IOM, 2007). McPherson and Ignatowski (2007) refer to this trend as a degradation of the value of the “signal” provided by formal education qualifications (degrees and certificates) obtained during the 1990s when education standards plummeted as state-sponsored and private “diploma mills” proliferated.²

Formal education qualification should be a “signal” to an employer that an applicant’s training has created capacities and competences that meet specific, recognized standards. Employers tend to associate specific qualifications with particular skills and knowledge. The challenge for Georgian education system is to assure that granted formal qualifications from postsecondary institutions match the competence of the graduates who hold those qualifications (McPherson and Ignatowski, 2007).

After independence (1990), unchecked private growth in the form of “universities for profit” and a lack of funding allowed universities in Georgia to become inefficient and corrupt. A number of so-called “diploma mills” were established. The number of higher education institutions increased dramatically. The quality of the education dropped.³

This is where the recently enacted educational reforms are so important. By reorganizing the system of higher education they seek to make a break with the perversion and degradation of

² This issue is handled obliquely in the literature on education through references to the “corruption” that formerly existed at all levels of the education system. Bribes were regularly used to gain access to education organizations and the qualifications offered by those organizations (IMF, 2006).

³ To fight this tendency, after the Rose Revolution (2003) the Ministry of Education and Science of Georgia started undertaking active reforms in postsecondary education to assure quality. Reforms applied to the higher education sector have therefore focused on restructuring admissions, instituting a new method of government funding for students, and reducing the number of universities and colleges in the country through rigorous accreditation. The Ministry has also working on integrating Georgian universities with the European model by implementing the Bologna system. With increasing unemployment rates and more and more students graduating without specific technical skills, the reform process has placed a large emphasis on the creation of professional higher education programs in already accredited universities and colleges as well creating Vocational Education Training centres for lifelong learning possibilities.

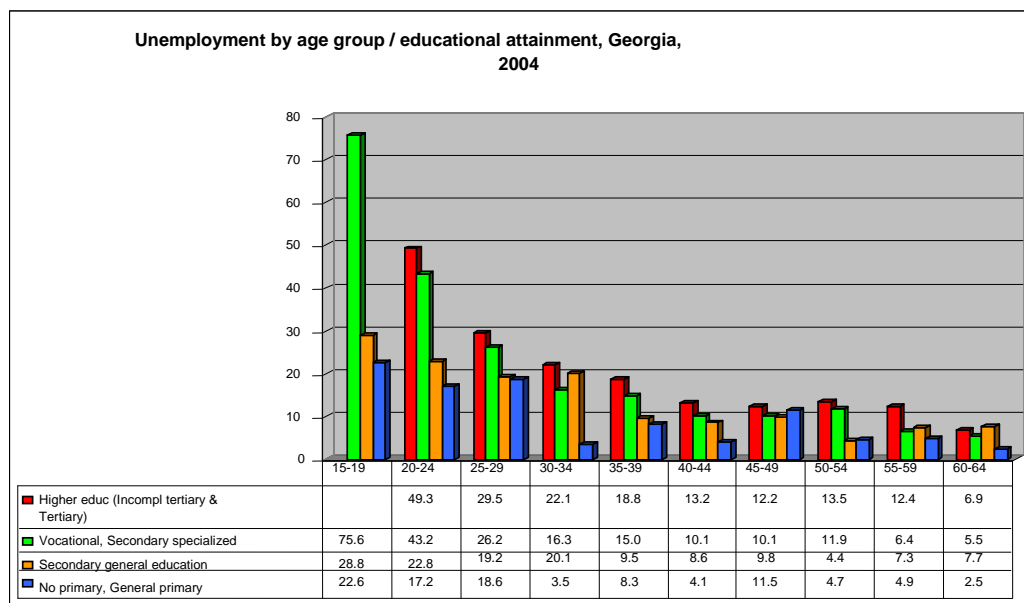
education standards that were so rampant before the Rose Revolution (2003). By establishing an accreditation system, the education reforms also provide a set of benchmarks with which all education organizations in Georgia have to comply. Finally, by agreeing to a time-table for reaching the standards required of the Bologna protocols, the Georgian authorities have tied their education system's performance to an externally recognized and accepted set of criteria (McPherson and Ignatowski, 2007)

➤ *Certain inadequacy of the skills mix of the active population in relation to the skills requirements of the current market* – as reported by the Employment Agency, the demand for some specialists exceeds the supply (IOM, 2007). IOM (2007) survey demonstrates that 40% of employers have difficulties in recruiting people with the right skills and qualifications – this is primarily the problem about the skilled workers (66% of employers expressed this concern) and less so about the people with higher education (27% of employers expressed this concern). 52% of employers maintain that the major problem lies not in the nonexistence of people who actively seek employment but in the inadequate (less demanded) qualification and skills of the candidates (IOM, 2007).

Since 1990, in the post-Soviet era, Georgian education became further and further removed from the realities of the job market. The lack of funding for higher education institutes in post-independence Georgia created a competition to enrol students between universities to help keep them in operation. The number of higher education facilities boomed as it was seen as moneymaking opportunities. Overall, corruption and luring students under false pretexts was more common than not; there was little consideration for standards and quality. Deteriorating educational quality, the rapid appearance of unaccredited higher education institutions, and the overproduction of diploma-holders, all together provoked an alarming situation on the local labour market. The so-called “prestigious” professions - medical doctors and lawyers in particular - became overloaded as universities admitted virtually anyone who had money to bribe their way into a program. As a result, Georgia's system of medical schools granted diplomas to about 3,000 youths annually, whereas there are jobs for approximately 300 new doctors per year (UNDP, 2000). This has significantly contributed to the increase of the number of unemployed.

The inadequacy of the skills mix of the active population in relation to the skills requirements of the current market is well demonstrated in Figure 1.

Figure 1.



Source: (Castel-Branco & Glonti, 2007).

Larger than average unemployment rates among population with higher education imply, amongst others, a negative return on private and public investment in education, and compromise the increase of labour productivity in the enterprises. This demonstrates the above-mentioned challenge - inadequacy of the skills mix of the active population in relation to the skills requirements of the current market (Castel-Branco & Glonti, 2007).

➤ *Graduate unemployment* – research demonstrates that 84% from the sample of employers have not employed a single recent graduate during a year (IOM, 2007). The employers maintain that the main reason of refraining from graduate employment is the low level of their skills and knowledge (IOM, 2007)

➤ *Mostly low wages in education* - a substantial share of the labour force is employed at low average wages in education. Average monthly salary of a secondary school teacher has been

115 GEL⁴ (71USD) whereas the subsistence minimum for working age male is 120 GEL (75USD) (Statistics Department, 2007).

This circumstance poses both a challenge and an opportunity. The challenge is to revamp the workers' skills and re-organize their work patterns so as to raise their productivity (measured as learning outcomes in education). The opportunity is that, with appropriate training, this sector can offer an effective and efficient way of upgrading the skills of a large number of professional workers (McPherson and Ignatowski, 2007).

➤ *A gap between the labour market requirements and the curricula of higher and vocational education institutions* - even a simple comparison of the skills requirements in job listings on the one hand and the curricula of higher or vocational education institutions on the other hand demonstrates that the gap really exists.⁵

The most beneficial output from the working group for Georgia would be sharing of the experience of other Bologna countries in the following spheres of activities among others:

Establishment of career planning service at vocational training centres and higher education institutions;

Development of private-sector education and training initiatives;

Assessment of labour market and industry needs as well as curriculum development and the adoption of new teaching techniques;

Bringing higher and vocational education institution curricula in compliance with labour market requirements⁶;

Strengthening of the VET system by:

- developing a unified vocational education space in Georgia, based on the principles of continuity, multi-staging and diversity, by creating a public VET system that is open and dynamic
- integrating Georgian professional education in the European education area
- linking vocational education to local and regional needs and optimising the VET network by taking into consideration ongoing and anticipated future regional development needs

⁴ Decree # 579, dated 2005.

⁵ There are no research results available in this field.

⁶

- establishing a new model of VET institutions (colleges and professional training centres) that implement non-academic programmes and that provide vocational education to both young people and adults
- effective utilization of the potential for public-private partnerships
- implementing a unified credit transfer system for planning studies and evaluating students
- disseminating new professional training practices among teachers and trainers based on the development of these professions in line with the latest advances in pedagogical science
- developing relevant educational standards and training programmes for each profession based on professional standards and qualification requirements.
- elaboration of relevant instructional material, and instructor training in teaching approaches that engage students and emphasis internationally recognized employability skills (e.g., problem-solving, teamwork, critical thinking, etc.).
- revamping of VET learning content and methods;

Elaboration of the vocational qualifications frameworks;

A methodologically sound elaboration of broad occupational standard;

State support of public and private employment agencies, so that they become more effective.

Is there a dialogue in your country between higher education institutions and employers?

If so, at what level does this take place – national, regional, institutional etc? What sort of issues does it cover?

There may exist a dialogue between higher education institutions and employers in the country. However, this has not been studied and, therefore, no evidence is available about the effectiveness and the scale of the cooperation. Most of the public universities do not have career offices and do not keep the employment related statistics of their graduates. Personal

communications⁷ revealed that public universities understand the importance of such partnerships and are thinking of developing them. However, none of the interviewed universities has a well thought-out strategy yet. Mostly, they seem to be interested in internship opportunities for their fourth year undergrads.⁸

None of these four leading universities has a consistent strategy and/or an action plan that would provide the details of employment support or career planning for their students/graduates.

Can you provide two examples of good practice in your country in relation to any of the themes to be covered by the report?

As mentioned above, there is almost no valid information is available about the effectiveness of the graduate employment support practice at the four interviewed universities. However, two of the four universities maintain that their practice works for graduates of definite fields, these are Tbilisi State Medical University and Ilia Chavchavadze State University.

Tbilisi State Medical University has some ties with employers and manages to find jobs for most of the graduates in the fields of pharmaceuticals and dentistry. There is a relatively high demand for these professions at the job market. Therefore, efforts of TSMU are more successful for the dentistry and pharmaceuticals graduates. The process works in the following way: TSMU has a dialogue with pharmacies, medical clinics on a constant basis and they provide new lists of opening to the university. Since the number of openings is usually less than the number of graduates, the TSMU uses newly-introduced GPA system for the selection of best candidates for jobs. The university also tries to ensure that some students get involved in internship programs.

⁷ For the purposes of this survey, informal conversations have been conducted with representatives of four leading public university administrative offices in Georgia (Tbilisi State University, Georgian Technical University, Ilia Chavchavadze State University, Tbilisi State Medical University) December 2007.

⁸ For example, Georgian Technical University is starting a partnership with Caucasus Online (IT company). The university hopes that Caucasus Online will offer an employment contract to the graduates when they successfully complete the paid-internship. The partnership program will involve only 20 fourth-year IT students at the first stage with monthly payment of 122 USD.

Tbilisi State University also has some contacts with potential employers. They do not have a definite cooperation strategy either. However, they regularly invite businessmen to make presentations at the university. Some of the businessmen (for example, GPI holding, which is an insurance company) offer trainings for students / graduates and employ the most successful ones.

Ilia Chavchavadze State University has internship programs for forth-year undergraduates in the fields of pedagogy and social research. The university maintains that this is a good opportunity for students to leave favourable impression on potential future employers.

References

- Castel-Branco, E. and L. Glonti. (2007). *Study of labour market and VET challenges and perspectives for countries participating in the European Neighbourhood Policy Southern Caucasus, GEORGIA* (draft). The European Training Foundation (ETF).
- IMF. (2006). *Georgia: Poverty Reduction Strategy Paper Progress Report – Joint Staff Advisory Note*. International Monetary Fund, Country Report No. 06/361, October. Retrieved December 11, 2007, from <http://imf.org/external/pubs/ft/scr/2006/cr06361.pdf>
- IMF. (2007). *Georgia: Fifth Review of the Three-Year Arrangement Under the Poverty Reduction and Growth Facility and Request for a Waiver of a Performance Criterion – Staff Paper; Staff Statement; Press Release on the Executive Board Discussion; and Statement by the Executive Director for Georgia*. International Monetary Fund Country Report no. 07/107, March. Retrieved December 11, 2007, from <http://www.imf.ge/view2.php?lang=1&view=272>
- IOM – International Organization of Migration. (2007). *Demand for labour force in Georgia: Results of the survey conducted in July 2007*.
- McPherson M. and C. Ignatowski. (2007). *Workforce assessment in Georgia* (in English, draft). USAID/EGAT/Education.
- Melikadze, N. (2007). *Organizational development for the work-force assessment in Georgia: Local expert Report*. The Strategic Research Center (Georgia) under the USAID contract.
- Statistics Department of Georgia. (2007). *Quarterly report*. Retrieved December 8, 2007, from <http://statistics.ge/files/georgian/Quarterly%20Bulletin%20II%202007.pdf>
- UNDP Report (2000). *Dimensions of Human Development*. Chapter 4. Retrieved on December 9, 2007, from <http://www.undp.org.ge/nhdr2000/chpt4.htm>