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Major mechanisms to develop the strategies of the labor market in Georgia

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Abstract

Unemployment is the severe social-economic problem for the modern Georgian society and the most important political issue. Thorough analysis of unemployment is the precondition for permanent monitoring of the unemployment-related processes and realization of the measures rescue the situation.

The analysis is done by using mathematical, statistical, quantitative and comparative methods, diagrams.

The study demonstrated that in terms of chronic, mass unemployment, there is a deficit of the professional qualified labor force and poor level of training workers and specialists what has a certain impact on the labor market conjuncture. These deficiencies evidence that the modern education system is not totally oriented on the labor market requirements, the quality of professional retraining is poor.

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Introduction

Study of unemployment has a great practical value not only in respect of a country in general, but also in regional, gender, age and urban and rural respects to develop the expedient employment policy, as it is one of the major means to overcome poverty.

The steps made in Georgia to develop thorough and competitive labor market evidence that the domestic labor market is subject to a hard and long process of development. The strategic task of further development of the labor

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market must be identified simultaneously with the thorough development of theoretical fundamentals. Unemployment, which shows the level of the social-economic development of the country, is considered as a grave social-economic problem in many countries of the world.

When developing the labor market strategy, the system of priorities considering the vital interests of all members of the society must be accurately identified; a particular attention must be paid to the state of the more or less provided citizens, distribution of the outcomes of public industry and need for justice. Depending on the criteria selected, the social trends, principles and concrete methods of the labor market regulation may be various.

The issues of penetrating of Georgian products into the European market has been the subject of a number of scientists' researches, among them there should be noted M. Tukhashvili, M. Tugushi, N. Abesadze, N. Latsabidze, M. Tsartsidze, D. Kvaratskhelia, L. Chikava, N. Paichadze, E. Kvirkevelia, L. Chareqishvili, N. Paresashvili, and others. In their works are considered questions about regulations and improvements of elasticity of labor market, Creations of system of an assessment of quality of labor, Improvement of system of vocational training for the purpose of increase of efficiency of work of graduates of the following requirements of labor market etc. Formulation and practical realization of the labor market strategies is very topical, because the state authorities permanently face the question as to which issue to prioritize. This question is to be solved by using discretion and balanced policy of the state both, when identifying the approaches to the social protection and state intervention measures and accomplishing the actions of regulation and improving the labor market elasticity. So, it is necessary to look for a golden mean and for measures to balance the economic efficiency and social progress. By employing a balanced policy, a state must try to maintain the balance of interests between the production efficiency and the social protection of the labor force, as well as the economic and the social values.

Purpose. Unemployment is the central problem for the modern Georgian society. As statistical and social inquiries suggest, unemployment is a severe social-economic problem in Georgia and is the most important political issue of the country. Thorough analysis of unemployment is the precondition for permanent monitoring of the unemployment-related processes and realization of the measures rescue the situation.

Results. If considering the data of the National Statistics Office, it becomes clear that the unemployment rate in urban areas is higher than in rural areas. Surely, the ratio of the self-employed among those employed in the rural areas is higher what cannot be a negative factor in general, because a self-employed person is an owner himself and the goal of his business is to gain profit or receive family income. Moreover, increased self-employment together with the increased specific weight of the business owners, must be considered as one of the major means to solve the problem of unemployment. However, if analyzing the content and structure of the self-employed, it will become clear that 41.6% of people work free-of-charge at their family businesses/homesteads and 0.2% work free-of-charge to help their close people. It is clear that this segment of the population is not really employed and conferring the status of the employed to them reduces the unemployment rate artificially. (MurmanTsartsidze, 2013)

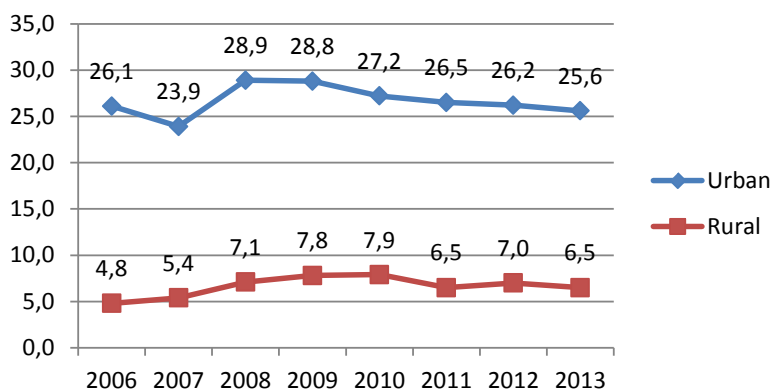


Fig 1. Rate of unemployment in urban and rural areas in 2006-2013 (%)

It should also be considered that the problem of unemployment is accompanied by a most severe problem in the world, the poverty. In this respect, the present picture in Georgia is as follows: as per the data of the Social Service Agency of the Ministry of Labor, Health and Social Affairs of Georgia, in 2013, the proportion of people below the poverty line (437 238 people) (registered poverty) of the mean annual number of population (4 490 500 people) was 9.74% while it amounted to 14.45% of the adult population (15 years old or older). Such level and scales of unemployment in Georgia, in addition to chronic unemployment, have a number of reasons. (MurmanTsartsidze, EkaterineKvirkvelia, 2014)

Following the above-mentioned, the priority of the state must be realized by means of such active actions, as professional training, employment and rehabilitation program for the unemployed and economically passive citizens depending on social aid. Therefore, it is necessary to break down the cycle of the dependence of the citizens on the incomes gained through the state support and thoroughly engage the citizens in fruitful labor. The primary target group will be those with a long record of unemployment consequently losing the potential of being employed. Underdeveloped united structure or information system of the labor market and underemployment of a great part of the economically active population was also identified.

The review of unemployment in a regional respect demonstrated that even in Tbilisi, with the high concentration of the country's population, unemployment in the regional respect was anyway high.

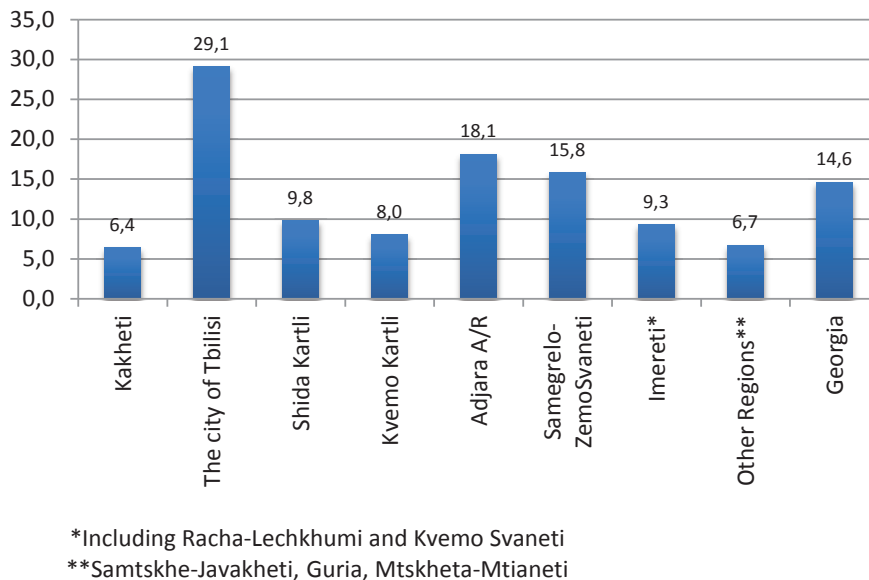


Fig.2. Rate of unemployment in regions in 2013, %

Important and key problems were identified in regions: the major demographic problem is the unwillingness of the people to live in the villages, reluctance of the government to develop the regions of the country and flow of the population from the regions and their concentration in the capital of the country. The latter trend is much promoted by the deficient infrastructure in the regions. On the other hand, it should be noted that the government of Georgia considered 50 mln. Gel in the 2014 state budget with its designation demonstrated by the following criteria: the finances envisaged by the Program was to be used for the construction and rehabilitation of local infrastructure and improvement, equipping of the facilities of a common use and/or procurement and equipping the long-range techniques. The positive social-economic impact of the Program was to be seen on the majority of the rural population; in addition, the labor, goods and services purchased within the limits of the Program was to be used to improve the material, living and social-economic conditions of the majority of the rural people. This Program was implemented. However, the maximum effect expected by the government could not be reached due to a number of

reasons, but this measure was a certain relief for the population in the regions of Georgia.

The theoretical contribution. When developing the strategy to regulate the labor market, first of all it is necessary to ensure the mutual subordination of the requirements for the consistent development of the society and economics, stimulation of progressive changes and priority of measures leading to the social-political stability of the society. An expedient policy of the labor market must be both, efficient and fair. When developing the strategy to regulate the labor market, first of all it is necessary to ensure the mutual subordination of the requirements for the consistent development of the society and economics, stimulation of progressive changes and priority of measures leading to the social-political stability of the society.

Practical implications. Thorough study of the mentioned question is much important, because the formation of the sound market requires the establishment of the specific institutions and macroeconomic regulation; a system of services ensuring the compliance of the interests of the contractors of the labor market; organization of the complex activities with the personnel of the lower levels of the enterprise by considering contemporary requirements; when developing the strategy of the labor market, a system of priorities must be determined accurately, which considers the vital interests of all members of the society; a particular attention must be paid to the state of more or less provided citizens. Depending on the criteria selected, the social trends, principles and concrete methods of the labor market regulation may be different.

As already mentioned, unemployment is a severe social-economic problem. The rate of unemployment gives a clear picture of the level of the social-economic development of the country. Among the reasons for unemployment, the low level of education and lack of qualified personnel are the major factors hampering the growth of investments and efficient employment of the population. Moreover, one can conclude that the labor market conjuncture is of a mixed type in Georgia evidencing that in terms of chronic, mass unemployment, there is a major deficit of the professional qualified labor force in certain fields and the labor market stress coefficient is respectively high. (MurmanTsartsidze 2003)

An expedient policy of the labor market can be and must be both, efficient and fair. When developing the strategy to regulate the labor market, first of all it is necessary to ensure the mutual subordination of the requirements for the consistent development of the society and economics, stimulation of progressive changes and priority of measures leading to the social-political stability of the society.

Second, the establishment of active society to create economic prospects and support every citizen's activity to overcome poverty and social isolation must be accented attention. Such a policy is based on the recognition of each citizen's responsibility to reach wellbeing at the expense of his/her own labor.

Third, the active society and corresponding active labor market policy must be in compliance with the principles of equal rights. Its essence lies in taking such measures, which allow to avoid or minimize the gaps between receiving and maintaining one's job caused by incapability, familial reasons, lack of qualification, etc.

In order to meet the reasonable need for employment, it is much important to maximize the competitiveness of all employees on the open labor market. The major reasons for the lack of competitiveness of the workers are the lack of the workers' qualification or workers having profession not meeting current or perspective requirements. This is why, the state tries to avoid the conservation of a worker's low qualification, as this may be a serious hampering factor both, for employment stabilization and economic growth. Therefore, the priority of the state must be realized by means of such active actions, as professional training, employment and rehabilitation program for the unemployed and economically passive citizens depending on social aid. Consequently, it is necessary to break down the cycle of the dependence of the citizens on the incomes gained through the state support and thoroughly engage the citizens in fruitful labor. The primary target group will be those with a long record of unemployment consequently losing the potential of being employed.

This complex problem can be solved by means of active measures taken by the state and that is the goal of the country's governing team at present. A good evidence of this is the system of measures to realize the development programs of agriculture of the Ministry of Employment.

At the same time, one must consider that the target function of the labor market regulation lies in expanding the demand for the labor force and supporting its efficient supply in order to develop labor resources and prepare them to improve the prospects for the economic growth for the structural changes. The latter evidences that the modern educational system is not thoroughly oriented on the labor market demands and the quality of the professional training system is notably poor what is evidenced by the recent low rating of Georgia evidenced by the low global

competitiveness index of the world economic forum (Georgia ranks the 93rd). This index measures the quality of education, and the low index for Georgia is the evidence of the poor competitiveness of the country and has a great impact on the establishment of the sound entrepreneurship and business environment.

- To ensure social equality to improve the terms of employment (first of all, for the population in unfavorable conditions).
- To stabilize the employment in terms of economic decline and create favorable conditions in terms of economic growth to overcome the problem of the lack of the workforce supply.

When working on these problems, it is important to evaluate the existing situation in Georgia, in particular, the style and priorities of the state management managerial approaches; level of the regional development, including social-economic conditions, education, infrastructure, health and living quality; identify the important and key problems following the existing reality, in particular, the demographic problem, unwillingness of the people to live in the regions, less efficient measures to locally develop the regions, population flow from the regions and their concentration in the capital of the country; most importantly, the social-economic policy of the strategic development of Georgia to create the preconditions for the successful, rich and united Georgia must aim at reducing the rate of unemployment and developing the health and education systems and agriculture.

Conclusions

In recent years, the country has seen a certain economic growth and if considering the country's aspiration to integrate the whole policy with the system of the world economic associations, a strategic goal of the employment policy becomes clear, which is increasing the ratio of productive employment and reducing unemployment at the expense of the national labor market development. It is also necessary to prepare the foundations to integrate the national labor market with the planned integrative international labor market. The set goals can be achieved by realizing the following objectives: Developing the labor market infrastructure; Establishing a conceptual approach to the local and regional development of the country by considering that the regional development is the basis for the economic, social and political development of the whole country; Establishing the ideology of the need for realizing the active policy on the labor market and identifying its priorities in the long-term run; (NinoParesashvili, 2010);Forming approaches of financing the active programs at the expense of the state budget; The following factors are also very important to regulate the labor market: promotion of the political stability, improvement of the investment and business climate, reformation of the local self-government and improvement of its efficiency, modernization of the legal system and fundamental reformation of the social field and its integration with the world economic space. (MananaLobjanidze, 2006);Establishing the system to evaluate the labor force quality, which is based on competencies and efficiently reacts to the permanent changes in the qualification and vocational training requirements of the employees;Establishing the system to control the quality of attestation and education, which allows optimizing the network of the educational system by considering the structural transformations of the vocational education at any level and labor market demands; Establishing the system to support professional orientation and serve the purpose of the population's psychological support, which is one of the most important means to develop professional carrier of the staff; Perfecting the vocational education system to improve the labor efficiency of the graduates following the labor market demands; Developing the mechanisms to perfect the demands of the organizations for the graduates of the vocational educational establishments of all levels, as well as designing the criteria to evaluate the efficiency of the budgetary investments in the vocational education of the young people; Developing the professional orientation at the basic stage of education (at schools) following the labor market demands, and supporting the motivation of the applicants in the work activity with different professions and specialties.

The measures to regulate the labor market may incorporate investing to support the economically expedient jobs and the similar. All the above-mentioned will promote the integration of the country's population with the international labor distribution process.

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