Ministry of Economy and Sustainable Development of Georgia

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Survey of Business Demand on Skills

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CONTENTS

Introduction

The growth of employment is one of the important tasks of the Georgian economy and one of the main priorities of the country's economic policy. Therefore, in order to conduct an effective economic policy in the direction of reducing unemployment and increasing employment in the country, an analysis of the labour market, the study of trends in the demands of the labour market and the identification of its challenges are of particular importance. Based on this, the **"Survey of Business Demand on Skills 2022"** was conducted, the purpose of which is to identify the demand of enterprises for human capital skills, the consideration of which will help to eliminate the existing mismatch between supply and demand in the labour market.

This report analyses the "Survey of Business Demand on Skills", which presents the structure of employment in 2021-2022 by occupational groups under the International Standard Classification of Occupations (ISCO 08), types of economic activities (NACE Rev. 2), regions, size of enterprises, achieved level of education (secondary, vocational and higher), and gender.

The report also presents the problems associated with the search for labour force by occupational groups. The study analyses the sources from which enterprises hire people, what skills applicants lack, and what measures are being taken by enterprises to develop the skills of the workforce. The study also reveals the possibilities of hiring new employees, the number of vacancies, trends in increasing and decreasing the demand for labour force, their causes, the level of employment of persons with vocational education in enterprises, forms of cooperation between companies and vocational schools, their attitude to vocational education, trends in the employment of foreign citizens, the reasons for their employment, the attitude of enterprises to the first job-seekers, the use of modern technologies by enterprises and based on this, the increase or decrease in the possible demand for labour force.

In this study, in contrast to similar studies conducted in previous years, trends in the introduction of modern technologies at enterprises and, accordingly, a possible increase or decrease in the demand for labour force at enterprises have also been identified.

General information, methodology and sampling of the survey

Since 2017, the Ministry of Economy and Sustainable Development of Georgia has been conducting a "Survey of Business Demand on Skills", the methodology and instrument of which are based on the guidelines prepared by the International Labour Organization (ILO), the European Training Foundation (ETF) and the European Centre for the Development of Vocational Training (CEDEFOP)[1]. The research methodology and questionnaire are also being prepared in cooperation with partner agencies.

The Ministry conducts a Survey of Business Demand on Skills covering all sectors of the economy, and also studying individual sectors of the economy. With regard to the sector, so far, the Ministry has conducted surveys on the demand of enterprises for skills in the sectors of tourism, construction, transport and energy.

For this survey a corresponding questionnaire was developed, target enterprises were selected using a random stratified sampling method and by the size of enterprises[2], type of economic activities (NACE Rev. 2) and regions. The general totality of the study is the database of non-financial and financial corporations operating in Georgia.

In order to ensure that the error of the survey results obtained at the level of sections defined by the classification of types of economic activities (NACE Rev. 2) does not exceed 1.77%, and the error of the all-Georgian survey does not exceed 0.56%, and, in addition, in the case digitization of the survey results, to ensure at least 90% reliability of the survey results, 9,500 enterprises were selected for nationwide surveys. The companies were selected from the business register of National Statistics Office of Georgia. In addition, 1,000 enterprises were selected as standby enterprises to ensure that information was collected from exactly 9,500 enterprises.

As part of the survey, large (546 enterprises) and medium-sized enterprises (2160 enterprises) were interviewed in full, and small enterprises were selected using a random stratified sampling method.

The following formula was used to determine the sample size of the required survey:

$$n = \frac{\mathrm{p}(1-\mathrm{p})*\mathrm{N}*Z^2_{(1+q)/2}}{\mathrm{p}(1-\mathrm{p})*Z^2_{\frac{1+q}{2}}+N*d^2} * deff$$

Where:

N – Population size;

d – A Tolerated Margin of Error;

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[1] ILO, ETF, CEDEFOP (2017), "Developing and Running an Establishment Skills Survey", https://www.ilo.org/skills/pubs/WCMS_548324/lang--en/index.htm

[2] **Large** enterprises include enterprises where the average annual number of employees exceeds 249 people or the average annual turnover exceeds 60 million GEL. **Medium-sized** enterprises include enterprises where the average annual number of employees is between 50 - 250 people, and the average annual turnover is between 12 million - 60 million GEL. **Small** enterprises include enterprises where the average annual number of employees does not exceed 50 people, and the average annual turnover does not exceed 12 million GEL.

q – Confidence Level;

$Z^2_{\frac{1+q}{2}}$ - Quantities of Standard Normal Distribution (1+ q)/2

$deff$ - A Design Effect Signification.

The National Statistics Office of Georgia carried out the survey-related field works, including the creation of an electronic database of results, the cleaning of the database and the elimination of errors / inaccuracies in it, as well as the generalization of the survey results. **The analysis of survey results and the report were prepared by the Ministry of Economy and Sustainable Development of Georgia.**

Goal of the survey

The survey aims to gather information about the skills demanded by enterprises and analyze it. By studying the data obtained from the survey, the study focuses on identifying the essential requirements related to human capital in enterprises. This helps to reduce the skill gap between demand and supply in the labour market and maximize the economic benefits of skill consumption.

Object of the survey

The object of the survey is the study of occupational skills required by employers and necessary for the employment of a person and the qualified performance of work.

Objectives of the survey

- Study of the structure of employment by duration of the working time, achieved level of education, gender, type of economic activities and the elementary occupational groups of the International Standard Classification of Occupations (ISCO-08); Identification of the average monthly nominal wages of employed by elementary occupational groups;

- Assessment by an employer of the workforce skills by the elementary occupational groups of the International Standard Classification of Occupations (ISCO-08);

- Determination of the component of labour demand by the elementary occupational groups of the International Standard Classification of Occupations (ISCO-08); In addition, identifying the difficulties associated with filling vacancies;

- Study of labour demand and its causes;

- Over the next 5 years, study of the issues of labour force replacement, which may be associated with the outflow of persons of retirement age from enterprises and the possibility of replacing the existing labour force with a new one caused by other needs;

- Study of the activities of enterprises to develop employees;

- Identification of trends in the employment of persons with vocational education, as well as trends in cooperation with vocational schools;

- Search for information about the employment of foreign citizens and the study of the reasons for their employment; Identification of trends in the employment of a new workforce;

- Identification of the impact of modern technologies on labour demand and their potential to increase or decrease the demand for workers.

SURVEY REPORT

Section 1: Basic information on the structure and characteristics of workforce

As of 1 September 2022, the number of employees was **815,354 people**, which is 6% more than in the same period of the previous year. 91% of employees work full-time, while 9% work part-time. Men make up 54% (442,161) of the workforce, while women make up 46% (373,193).

Diagram 1 Employment structure (2021-2022)
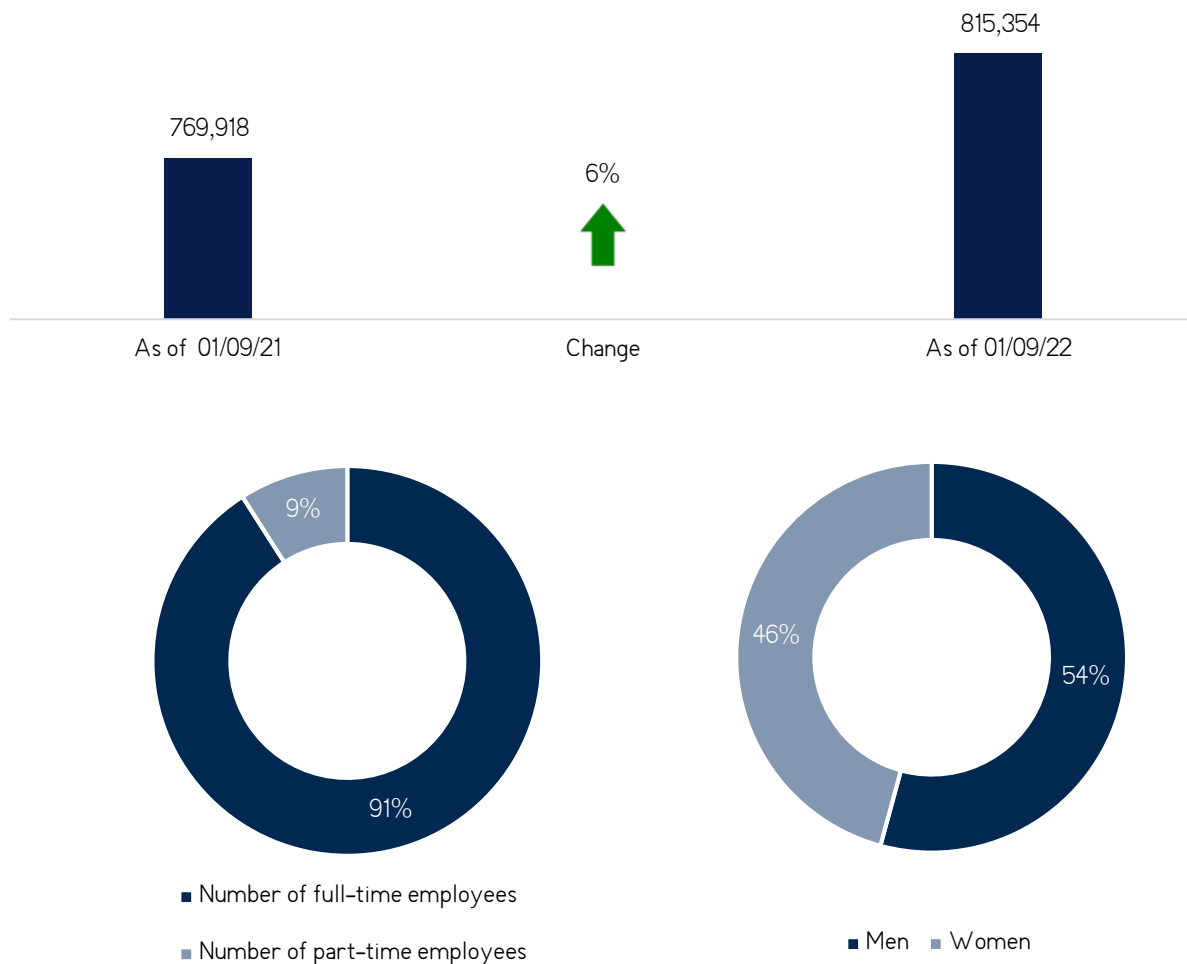
It should be noted that employment among women increased by 7.3% compared to the same period of the previous year, and among men - by 4.7%.

By the size of enterprises, large enterprises (42%) are leading in terms of employment, followed by small (39%) and medium-sized (20%) enterprises.

According to the survey, the majority of employees (57%) have higher education, a quarter (25%) have secondary education, and the share of those with vocational education is the lowest (18%) **by the achieved level of education.**

Diagram 2 Distribution of employees by the size of enterprises and the achieved level of education

■ Large   ■ Medium   ■ Small   ■ Higher   ■ Secondary   ■ Vocational
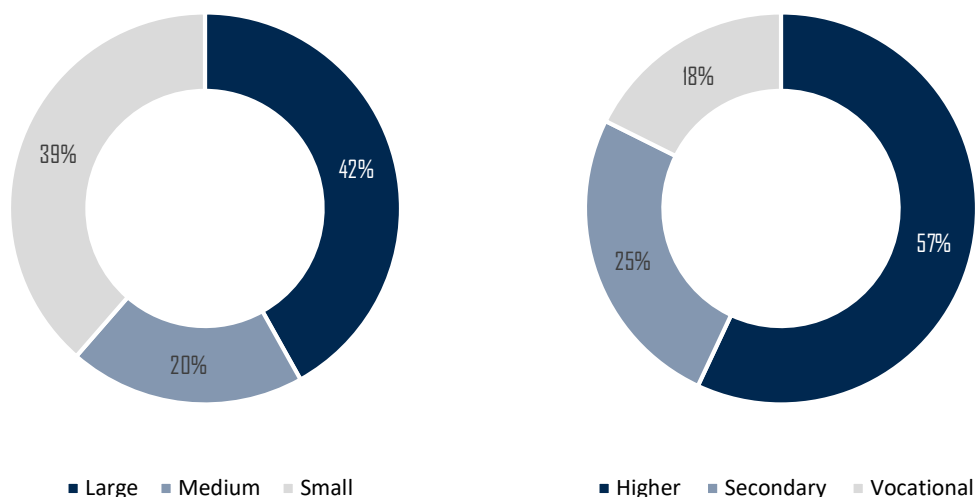
The distribution of employees **by regions** shows that most of them work in Tbilisi. The share of employees in the capital is 69% of the total number of employed. Then comes Ajara - 9%, Imereti - 6% and Kvemo Kartli - 5%. The percentage of employed is lower in the following regions - Samegrelo-Zemo Svaneti (3%), Kakheti (2%), Shida Kartli (2%), Samtskhe-Javakheti (1%), Mtskheta-Mtianeti (1%), Guria (1%), Racha-Lechkhumi and Kvemo Svaneti (0.2%), the total share of which does not exceed 11%.

It is worth noting that employment has increased in almost all regions compared to the same period last year, among which Racha-Lechkhumi is remarkable with a +15% increase.

Diagram 3 Distribution of employed by regions
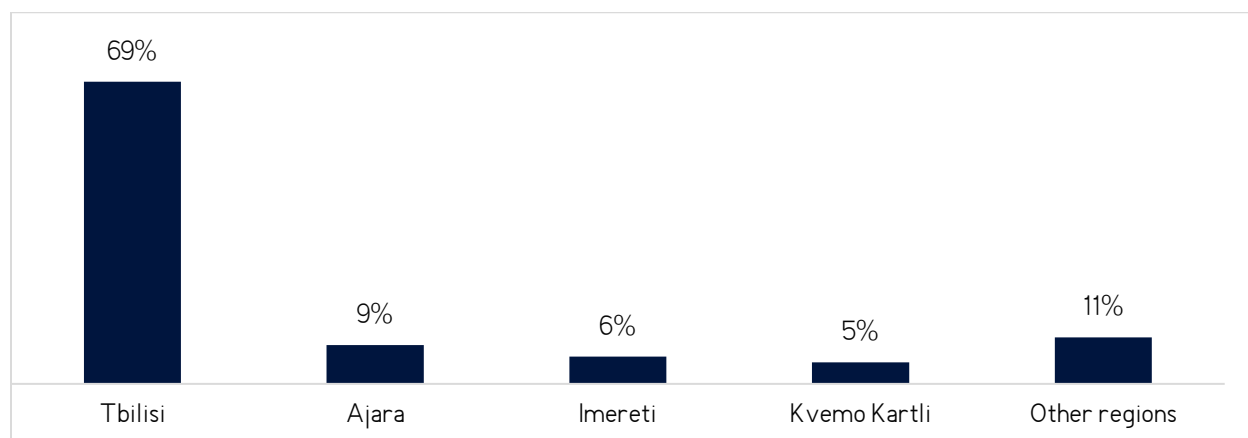
Almost a quarter (24%) of employees are engaged in trade by the types of economic activities. The specific share of employment in the manufacturing industry (12%), healthcare (10%), construction (9%), transport (7%), tourism (6%), information and communication (6%) is high. **In 2022, compared to the previous year, employment increased in almost all sectors,** with the following being noteworthy: information and communication - 33%, tourism - 16%, arts, entertainment and recreation - 16%, agriculture, forestry and fisheries - 10 %.

Diagram 4 Distribution of employees by the types of economic activities (2022)

Activity	%
Wholesale and retail trade	24%
Manufacturing	12%
Human health and social work activities	10%
Construction	9%
Transportation and storage	7%
Accommodation and food service activities	6%
Information and communication	6%
Financial and insurance activities	5%
Administrative and support service activities	3%
Professional, scientific and technical activities	3%
Education	3%
Real estate activities	2%
Arts, entertainment and recreation	2%
Energy	2%
Water supply	2%
Mining and quarrying	2%
Agriculture	2%
Other service activities	1%

One of the objectives of the survey is to study the structure of employment by both major and elementary occupational groups of the International Standard Classification of Occupations (ISCO 08). The distribution of employees by major occupational groups is as follows:

Diagram 5 Distribution of employees by major occupational groups

Group	%
2 – Professional	21%
1 – Managers	19%
5 – Service and sales workers	16%
7 – Craft and related trades workers	12%
9 – Elementary occupations	10%
3 – Technicians and associate professionals	8%
4 – Clerical support workers	7%
8 – Plant and machine operators, and assemblers	6%
6 – Skilled agricultural, forestry and fishery workers	0.5%
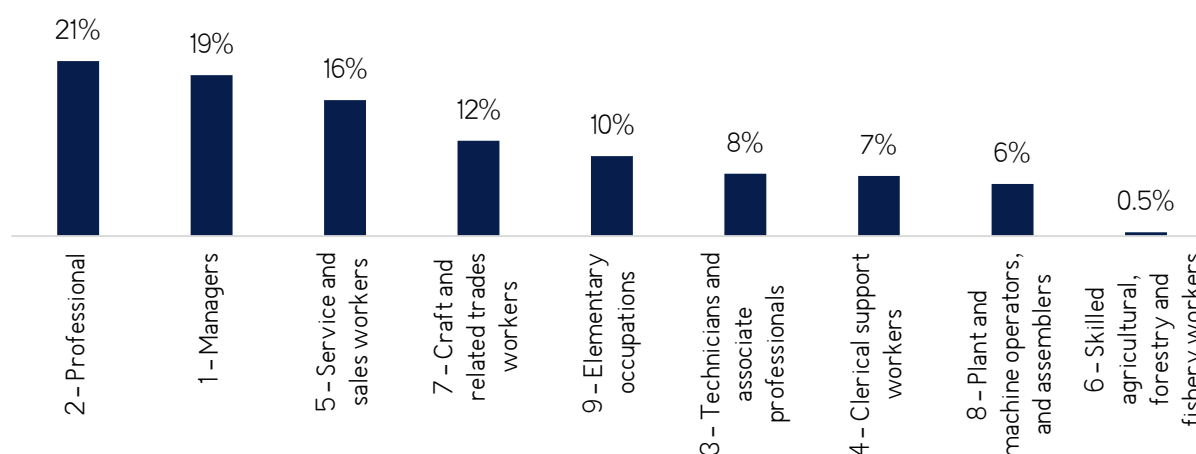
In 2022, compared to the same period of the previous year, **employment increased in all occupational groups.** Employment increased by double-digit percentages in the major occupational group of Skilled Agricultural, Forestry and Fishery Workers (18%) and Clerical Support Workers (10%). The number of Professionals (9%), Service and Sales Workers e (8%), Managers (8%), Plant and Machine Operators, and

Assemblers (5%), Elementary Occupations (1%), Technicians and Associate Professionals (1%) also increased.

In terms of wages, large enterprises stand out with an average monthly wage of 2,454 GEL, followed by medium-sized enterprises (2,206 GEL) and then small enterprises (1,149 GEL). In 2022, the average monthly wage was 1334 GEL, which is 6% higher compared to the same period of the previous year.

Diagram 6 Average monthly wage of employed (2022)
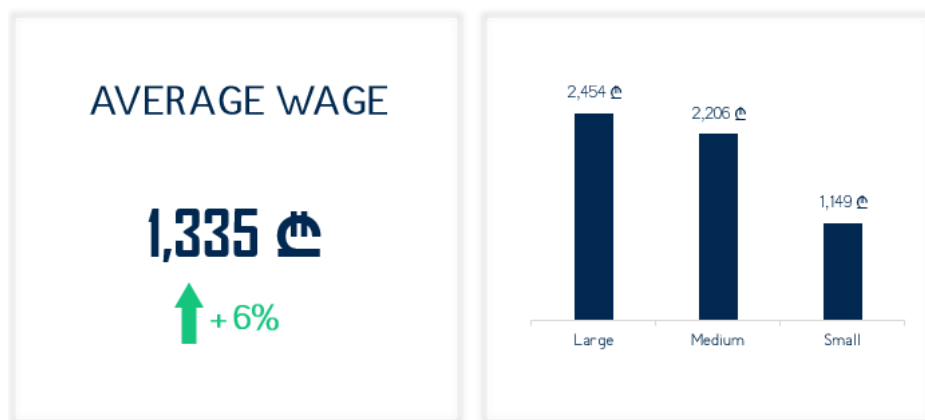
The current average monthly wages in the regional context looks like this:

Diagram 7 Average monthly wage by regions (2022)
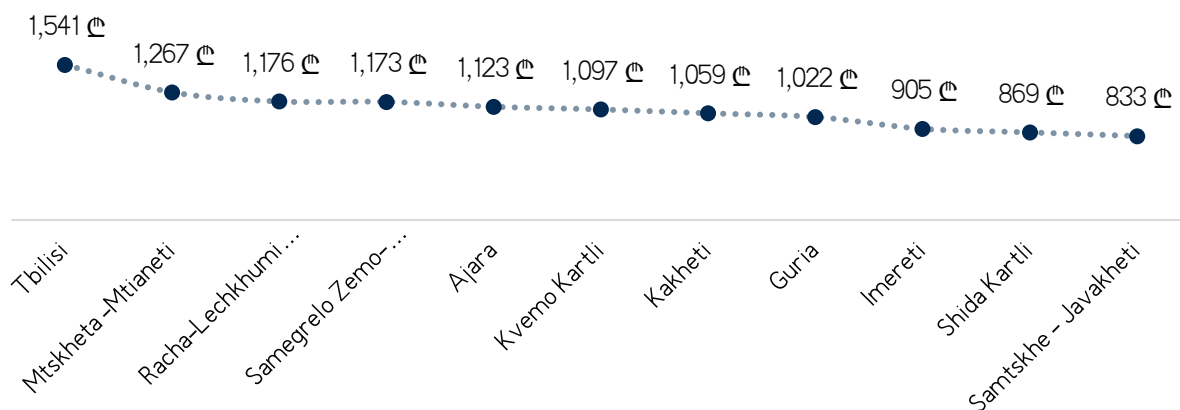
The analysis of the average monthly wage of employees by regions shows that the highest average wage is in the capital (1541 GEL), and the lowest in Samtskhe-Javakheti (833 GEL). In addition, in 2022, the average monthly wage **increased in all regions** compared to the same period of the previous year, especially in Racha (10%), Samegrelo-Zemo Svaneti (9%), Mtskheta-Tianeti (8%) and Kvemo Kartli (8%).

As of 1 September 2022, the highest average monthly wage among the major **occupational groups** of ISCO for Managers was 2,072 GEL, which is 6% higher than in the previous year, and the lowest average monthly wage was recorded for the representatives of Elementary Occupations - 572 GEL, which is 7% more than in the previous year.

Diagram 8 Average monthly wage by major occupational groups (2022)
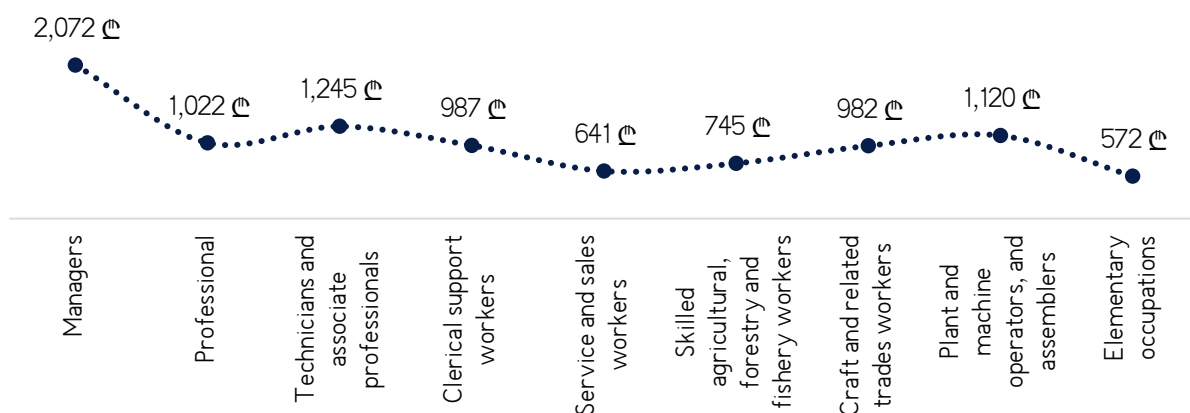
In the major occupational groups of the International standard Classification of Occupations (ISCO 2008), the following elementary groups are distinguished by high wages: **in the group of Managers** - Research and Development Managers (3,198 GEL); **in the group of Proffessionals** - Systems Analysts (IT) (3 368 GEL); **in the group of Technicians and Associate Professionals**- Aircraft pilots (6190 GEL); **in the group of Clerical Support Workers** - Receptionists (general profile) (2 352 GEL); **in the group of Service and Sales Workers** - Transport Conductors (1,574 GEL); **in the group of Skilled Agricultural, Forestry and Fishery Workers** - Deep-Sea Fishery Workers (2,343 GEL); **in the group of Craft and Related Trades Workers** - Glassmakers, Cutters, Grinders and Finishers (2,767 GEL); **in the group of Plant and Machine Operators and Assemblers** - Electrical and Electronic Equipment Assemblers (2700 GEL); **in the group of Elementary Occupations** – Street Vendors (non-food products) (2,472 GEL). In general, aircraft pilots have the highest average monthly wages among elementary occupational groups. The top ten highest paid occupational groups look like this:

Diagram 9 Average monthly wages by elementary occupational groups
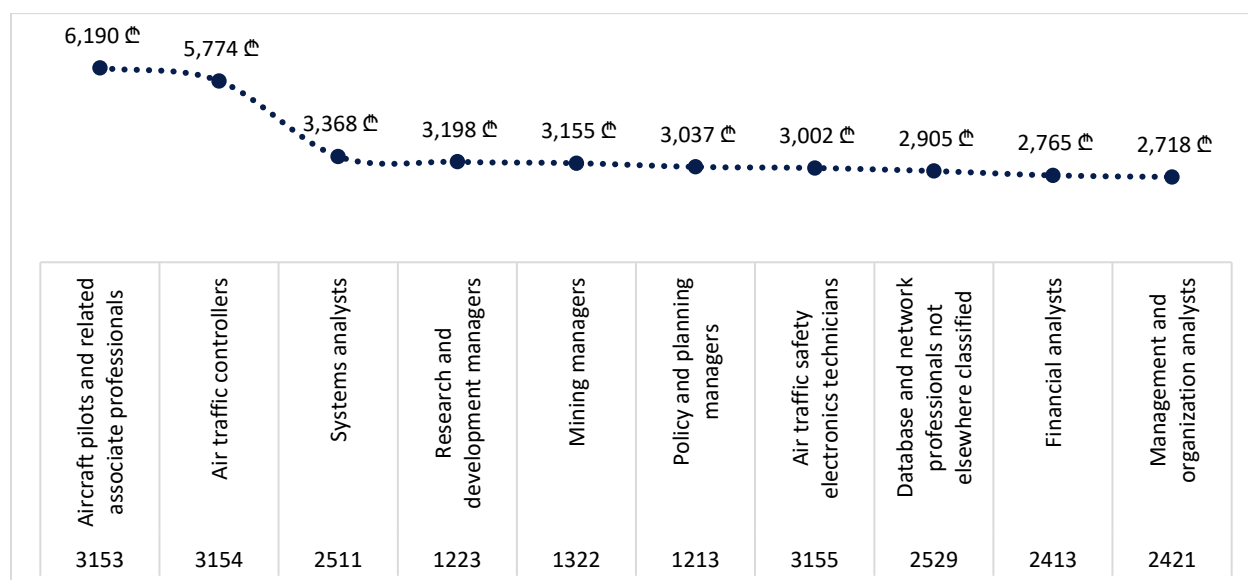
Remuneration is high in the financial (2,439 GEL), energy (2,323 GEL), and information and communication (2,234 GEL) sectors, based on types of economic activities. The average monthly wage of less than 1,000

GEL was recorded in three sectors: education 951 GEL (+3%), hotel and restaurant 894 GEL (+4%) and other services 593 (GEL +4%).

Average monthly wage and annual wage increase (NACE Rev. 2) - 2022

Financial and insurance activities	2,439 GEL	+8%
Energy	2,323 GEL	+8%
Information and communication	2,234 GEL	+12%
Professional, scientific and technical activities	1,871 GEL	+2%
Construction	1,862 GEL	+6%
Water supply	1,532 GEL	+5%
Mining and quarrying activities	1,531 GEL	+10%
Arts, entertainment and recreation	1,507 GEL	+12%
Transport and storage	1,484 GEL	+6%
Real estate activities	1,318 GEL	+8%
Administrative and support activities	1,276 GEL	+3%
Processing industry	1,197 GEL	+5%
Wholesale and retail trade	1,193 GEL	+8%
Agriculture, forestry and fisheries	1,140 GEL	+6%
Health and Social Activities	1,134 GEL	+5%
Education	951 GEL	+3%
Hotels and restaurants	894 GEL	+4%
Other types of services	593 GEL	+4%

One of the objectives of the survey is **to study the aging workforce in the next 5 years**. Accordingly, the questionnaire included questions on identifying workers who have reached retirement age and are likely to actually retire within the next 5 years. The study showed that **10%** of employees **(82,953 employees)** will reach retirement age in the next 5 years, of which 54% are men and 46% are women. Small enterprises employ 47% of workers who have reached retirement age, large enterprises employ 36%, and medium-sized enterprises - 17%. Additionally, it was found that 68% of workers of retirement age plan to relocate to Tbilisi within the next five years.

Diagram 10 Distribution of employees of retirement age by gender, size of enterprises and regions

68%	6%	6%	5%	15%
Tbilisi	Ajara	Imereti	Kvemo Kartli	Other regions
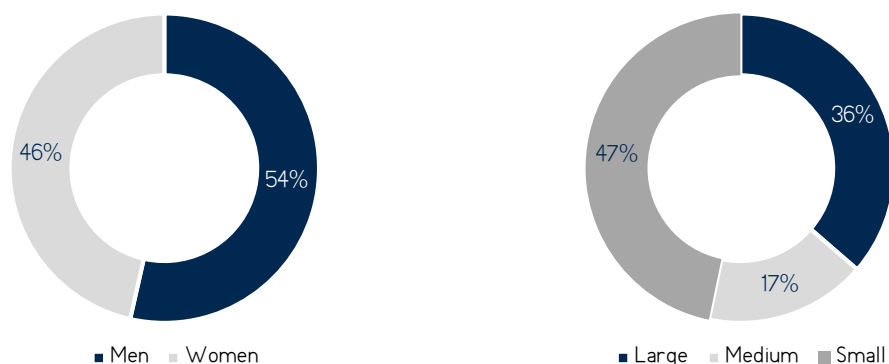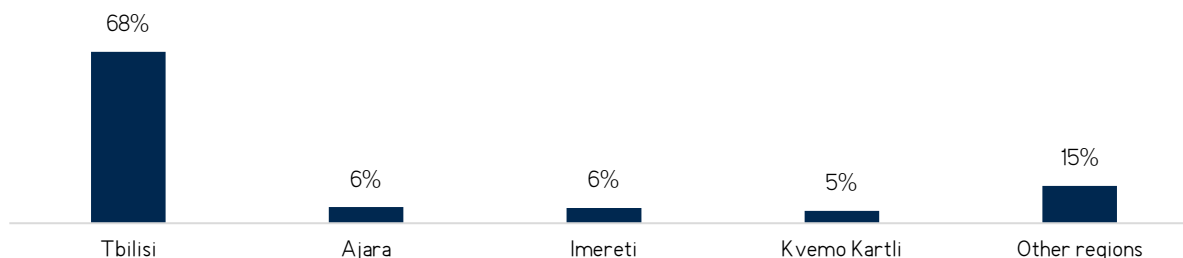
Regarding the sectoral breakdown, the largest share of workers of retirement age in the total number of people employed within a sector will be recorded in the energy sector (21%), real estate (21%), trade (19%), processing industry (14%), healthcare (11%), and transport (11%) sectors within the next five years[3]. However, the lowest rate was recorded in the information and communication sector (3%). When considering the types of economic activities, the full breakdown of the share of workers of retirement age in the total employment of the sector for the next five years is as follows:

Diagram 11 The share of workers of retirement age in the next 5 years by type of economic activities[4]
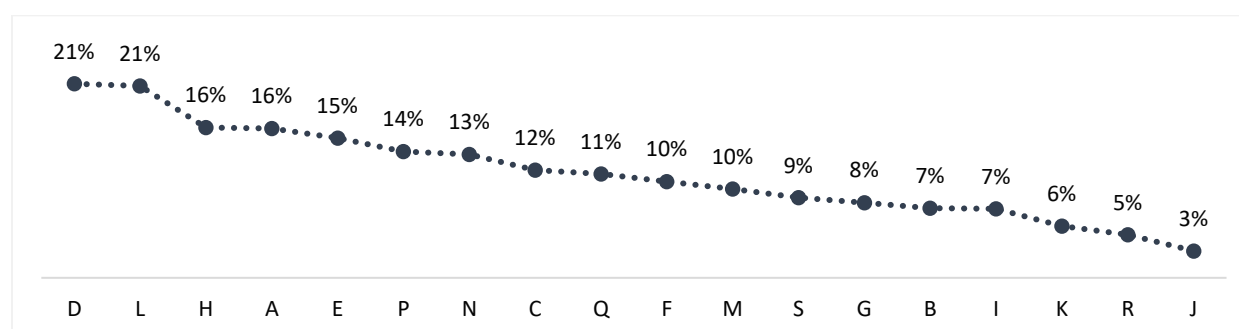
Regarding the distribution of workers who reach retirement age within the next 5 years **in total employment** by major occupational groups of the International Standard Classification of Occupations (ISCO 2008), the breakdown as follows: 25% belongs to the group of Proffessionals, 19% - to Managers, 14% - Elementary Occupations, 12% - Service and Sales and Workers and 12% - Craft and Related Trades Workers. The individual share of other groups is below 10%.

The highest rate of aging [5] **by the major occupational groups** of ISCO 2008 is found among skilled workers in agriculture, forestry and fisheries (18%), and the lowest among office support staff (5%). The full image looks like this:

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[3] Number of employees who have reached retirement age in the sector / total number of employees in the sector

[4] A - agriculture, forestry and fisheries; B - mining industry; C - processing industry; D - energy; E - water supply; F - construction; G - wholesale and retail trade; H - transportation and storage; I - hotels / restaurants; J - information and communication; K - financial and insurance activities; L - activities related to real estate; M - professional, scientific and technical activities; N - administrative and support activities; P - education; Q - activities in the field of health and social services; R - arts, entertainment and recreation; S - other types of services;

[5] Employees of retirement age by major occupational groups / Employees by major occupational groups

Managers	10%
Specialists	12%
Technical and support specialists	7%
Clerical support workers	5%
Service and sales workers	7%
Skilled workers in agriculture, forestry and fisheries	18%
Craft and related trades workers	11%
Plant and machine operators and assemblers	12%
Elementary workers	15%

In the next 5 years, employees of retirement age will be represented by a high proportion in the following **elementary occupational groups**: Town and Traffic Planners (71%), Aquaculture and Fisheries Production Managers (48%), Audiologists and Speech Therapists (38%), Forestry and Related Workers (33%), Geologists and Geophysicists (33%). The lowest rate (<1%) was recorded in the following occupational groups - Fast Food Preparers, Database Developers and Administrators, Travel Agency Clerks, Information and Communications Technology Sales Professionals, Legal and Related Associate Professionals, Credit and Loans Officers.

Based on the survey, employers expect 7,028 employees to retire in the next 5 years, which accounts for 1% of the total workforce and 8.5% of employees who have reached retirement age. Of those expected retirees, 54% are men and 46% are women. Small enterprises have the highest share of expected retirees at 52%, followed by the capital at 64% in the regional context. Large enterprises have a 29% expected retiree rate, while medium-sized enterprises have a 19% rate.

Diagram 12 Share of really expected retirees in the next 5 years, by gender, size of enterprises and regions
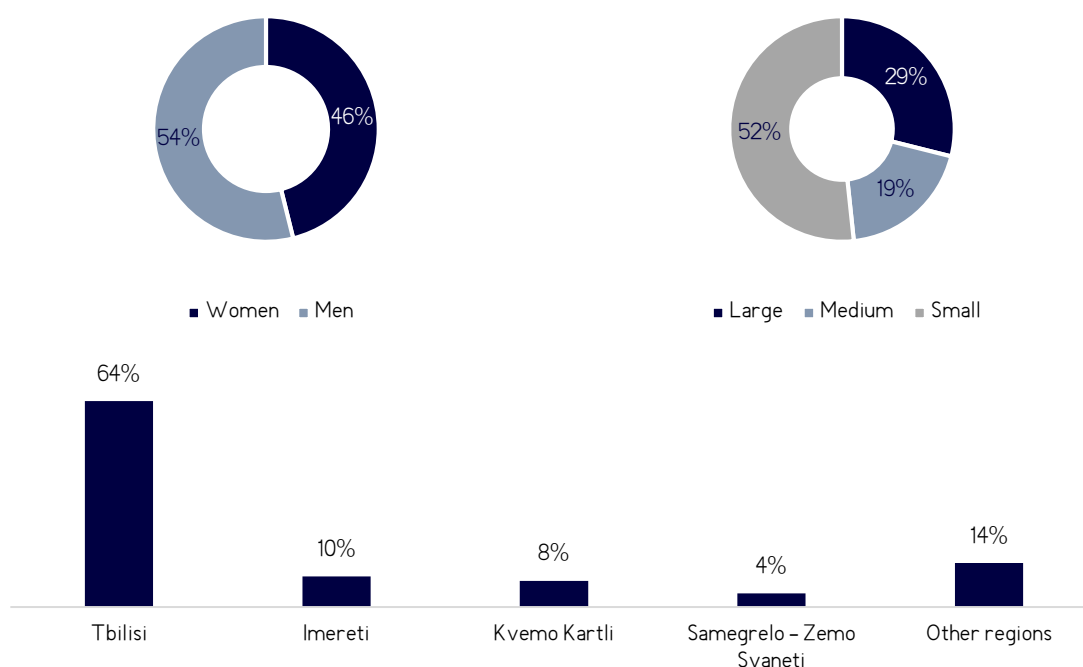
Employers expect a high proportion of retirees in the next 5 years in several major occupational groups of ISCO 2008. These include Professionals (27%), Elementary Occupations (16%), Managers (15%), Craft and Related Trades Workers (13%) and Service and Sales Workers (11%).

Diagram 13 Share of expected retirees by major occupational group of the International Standard Classification of Occupations (ISCO 08)
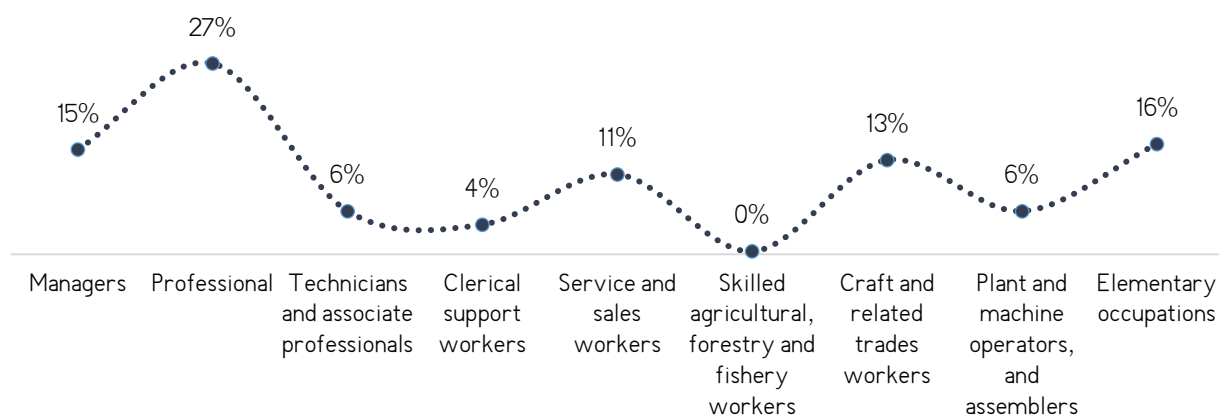
In the next 5 years, a high proportion of expected retirees will be seen in the manufacturing (20%) and trade (18%) in terms of economic activities.

When considering the proportion of workers who have reached retirement age in each sector, the largest indicator of those who will actually retire while employed in that sector is observed in the agricultural sector (17%), followed by the manufactuting (13%), education (12%), and administrative and support activities (11%).

Among the major occupational groups, the highest proportion of expected retirees among workers who have reached retirement age will be among Clerical Support Workers (10%), while the lowest will be among Skilled Agricultural, Forestry, and Fishery Workers:

Managers	7%
Professionals	9%
Technicians and associate professionals	9%
Clerical support workers	10%
Services and sales workers	8%
Skilled agricultural, forestry and fishery workers	4%
Craft and related trades workers	9%
Plant and machine operators, and assemblers	7%
Elementary workers	9%

In the next 5 years, the proportion of expected retirees[6] among workers who have reached retirement age, **by elementary occupational groups** (at least 100 employees), is highest in the elementary groups of Bakers, Pastry-cookers and Confectionery Makers (24%), followed by Secondary School Teachers (20%), Clerical Support Workers (not elsewhere classified) (20%), Elementary Workers (not elsewhere classified) (13%), Heavy Truck and Lorry Drivers (12%), Building Frame Workers (not elsewhere classified) (12%), Accountants (10%) and Watchpersons (10%).

Section 2 – Assessment of occupational skills of employees

The survey evaluated employee skills based on various criteria, including basic skills (literacy, arithmetic/numeracy), computer skills, foreign language proficiency, communication and socio-emotional skills, technical skills (equipment and tool usage), and physical performance. The survey also examined employer requirements for minimum work experience for job applicants.

According to the results, 68% of surveyed enterprises require at least one year of work experience, while 30% do not require any experience. AThese results by sectors of economic activities are as follows:

- "At least 1 year" - in the energy sector - 92%, ICT - 84%, education - 83%, healthcare - 82%. The lowest rate was recorded in the agricultural sector - 54%
- "No experience" - agriculture, forestry and fisheries - 43%, trade - 39%, hotels and restaurants - 39%, real estate - 33%.

Diagram 14 Minimum work experience required from an applicant to work in an enterprise
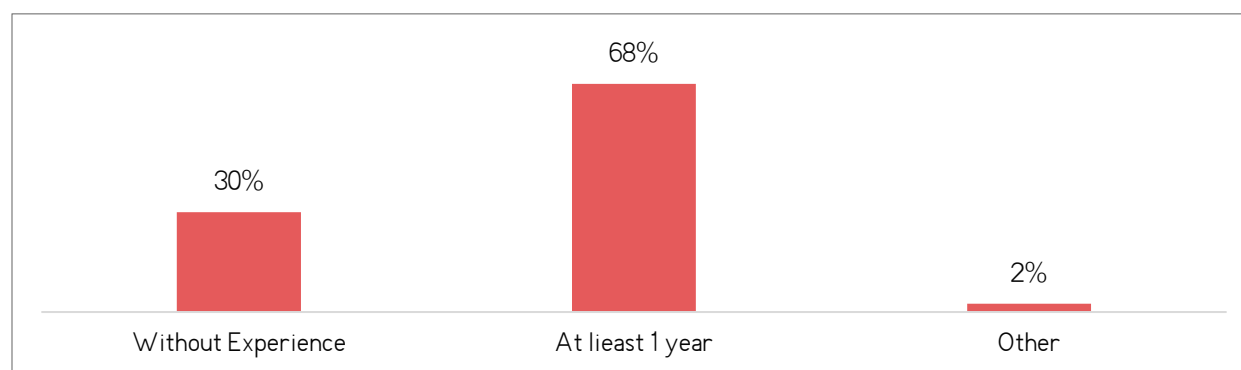
According to the survey, 79% of businesses believe that the skills of employees are mostly in line with the required skills, while 16% believe that employees mostly have the skills to perform more complex tasks, and only 5% believe that employee skills need to be developed.

Among businesses that believe retraining is necessary, the trade sector accounts for 38%, followed by manufacturing (14%), hotels and restaurants (10%), and construction (8%).

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[6] Number of really expected retirees among employees who have reached retirement age in the elementary occupational group in the next 5 years / number of employees who have reached retirement age in the elementary occupational group in the next 5 years

Diagram 15 Overall assessment of employee skills

The skills of the employees basically correspond to the required skills	79%
Employees often have the skills to perform more complex tasks	16%
The skills of the employees basically need to be developed	5%
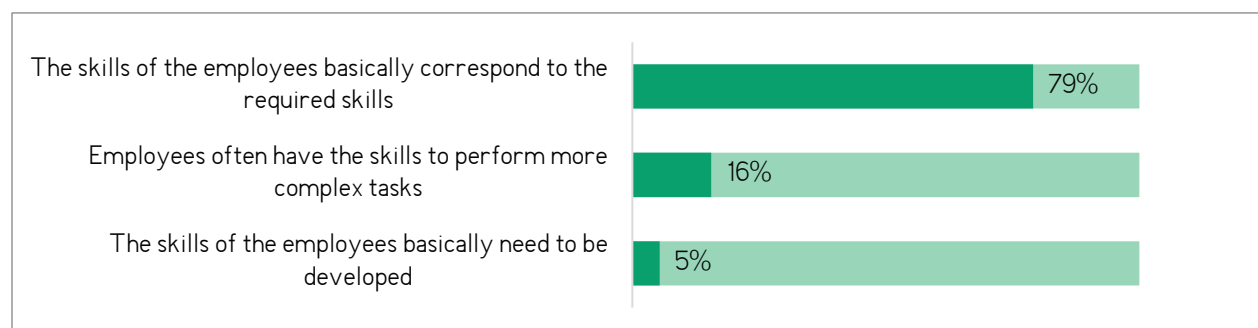
As a result of the survey, skills (basic skills, computer skills, foreign languages, communication and other socio-emotional skills, technical and physical skills) were evaluated by enterprises in terms of their importance, in particular, it was studied how important these skills were for employees of the enterprise to perform their functions. Skills were rated by employers as follows:

✓ Basic skills (literacy, numeracy): essentially important - 56%, fairly important - 43%, insignificant/irrelevant - 1%;
✓ Computer skills: essential important - 36%, fairly important - 47%, insignificant/irrelevant - 17%;
✓ Foreign languages: essentially important - 16%, fairly important - 47%, insignificant/irrelevant - 37%;
✓ Communication and other social-emotional skills: essentially important - 50%, fairly important - 42%, insignificant/irrelevant - 8%;
✓ Technical skills (use of equipment, tools, materials): essentially important - 38%, 44% fairly important, insignificant/irrelevant - 18%;
✓ Physical skills (performing physical work): essentially important - 33%, fairly important - 43%, insignificant/irrelevant - 24%.

Diagram 16 Assessment of the skills required of employees by employers

Basic skills (literacy, numeracy)		Knowledge of foreign languages	
Essentially important	56%		16%
Fairly important	43%		47%
Insignificant	1%		37%

Technical skills (use of equipment, tools, materials)

- Essentially important: 38%
- Fairly important: 44%
- Insignificant: 18%

Communication and other socio–emotional skills

- Essentially important: 50%
- Fairly important: 42%
- Insignificant: 8%

Physical skills (physical performance)

- 33%
- 43%
- 24%

Computer skills

- Essentially important: 36%
- Fairly important: 47%
- Insignificant: 17%

With regard to assessing skills by **type of economic activities**, the survey has demonstrated the following picture:

- ✓ Basic skills (literacy, numeracy) - the highest proportion of "Essentially important" responses was observed in the following sectors: education - 83%, information and communications - 79%, financial and insurance activities - 76%, health and social activities - 74%, electricity, gas, steam and air-conditioning supply - 71%; "Fairly important": mining industry and quarrying - 68%, agriculture, forestry and fisheries - 63%, water supply, sewerage, waste management and decontamination activities - 63%, other services - 61%, processing industry - 59%;
- ✓ Computer skills – "Essentially important" responses were divided by sectors as follows: information and communications - 79%, financial and insurance activities - 71%, professional, scientific and technical activities - 70%; "Fairly important": mining - 67%, water supply; Sewerage, waste management and decontamination - 63%, hotels and restaurants - 55%; "Insignificant": other services - 47%, agriculture, forestry and fisheries - 40%, processing industry - 31%;
- ✓ Knowledge of foreign languages - "Essentially important" responses were divided by sectors as follows: administrative and support activities - 49%, information and communications - 42%, professional, scientific and technical activities - 38%; "Fairly important": health and social activities - 61%, arts, entertainment and recreation - 59%, other services - 56%; "Insignificant":

mining industry and quarrying - 72%, agriculture, forestry and fisheries - 65%, processing industry - 58%;

✓ Communication and other socio-emotional skills - the proportion of "Essentially important" responses was distributed by sectors as follows: education - 75%, health and social activities - 73%, financial and insurance activities - 71%; "Fairly important": mining industry - 68%, water supply; Sewerage, waste management and decontamination - 66%, construction - 54%; "Insignificant": agriculture, forestry and fisheries - 15%, arts, entertainment and recreation - 13%, mining industry and quarrying - 12%;

✓ Technical skills (use of equipment, tools, materials) – "Essentially important" responses were divided by sectors as follows: electricity, gas, steam and air conditioning supply - 74%, information and communications - 61%, processing industry - 56%; "Fairly important": hotels and restaurants - 60%, arts, entertainment and recreation - 57%, agriculture, forestry and fisheries - 53%; "Insignificant": activities related to real estate - 35%, financial and insurance activities - 34%, administrative and support activities - 27%;

✓ Physical skills (physical performance) - the proportion of "Essentially important" responses were distributed by sectors as follows: agriculture, forestry and fisheries - 65%, construction - 53%, processing industry - 51%; "Fairly important": hotels and restaurants - 52%, water supply; Sewerage, waste management and decontamination - 51%, trade - 49%; "Insignificant": financial and insurance activities - 62%, education - 50%, information and communications - 49%.

According to the survey, almost more than half of enterprises (52%) do not take special measures to overcome problems associated with the qualifications of employees, 20% apply for additional training, 18% hire new qualified personnel, and 10% change working methods.

Diagram 17 The main measures taken to solve problems related to the qualification of employees
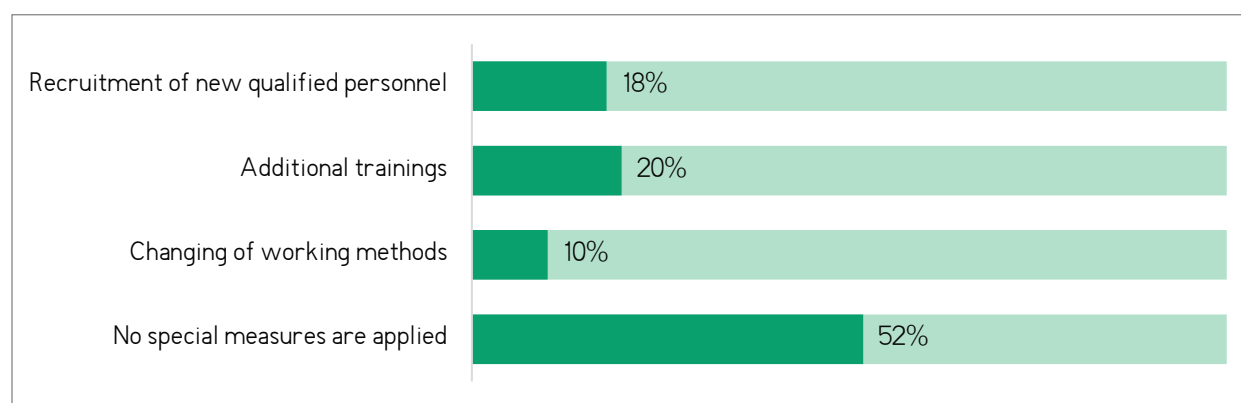
According to the survey, the recruitment of new qualified personnel is most often used in the sector of water supply; Sewerage, waste management and decontamination (41%). Additional trainings are most commonly applied in the health and social activities sector (44%), while changing working methods is most prevalent in the water supply, sewerage, waste management, and decontamination sector (37%). No special measures are applied in the sector of activities related to real estate (76%).

Section 3 — Information on vacancies

One of the objectives of the survey was to study the number of available and announced vacancies in enterprises, in order to identify the need for labour force. This was done by examining the size of enterprises, regions, types of economic activities and occupational groups.

As of 1 September 2022, it was found that over the past year, 32% of enterprises **(15,617 enterprises)** had vacancies, which amounted to **137,921 vacancies**.

The distribution of enterprises with vacancies by region was as follows: 60% were in Tbilisi, and 40% were in other regions. The majority of enterprises with vacancies (88%) were small enterprises, while 9% were medium enterprises and 3% were large enterprises.

When examining the types of economic activities, enterprises with vacancies were distributed as follows: 36% - trade, 11% - processing industry, 10% - hotels / restaurants, 9% - construction, 6% - professional, scientific and technical activities, 5% - transportation and storage, 3 % - administrative and support activities, 3% - health care and social activities, 3% - information and communications activities, 3% - other services, 2% - agriculture, forestry and fisheries, 2% - education, 2% - activities related to real estate, 1% - arts, entertainment and recreation, 1% - Financial and insurance activities, 1% - mining industry and quarrying, 0.5% - Electricity, gas, steam and air conditioning supply, 0.2% - water supply; Sewerage, waste management and decontamination.

Diagram 18 Distribution of enterprises with vacancies by types of economic activities
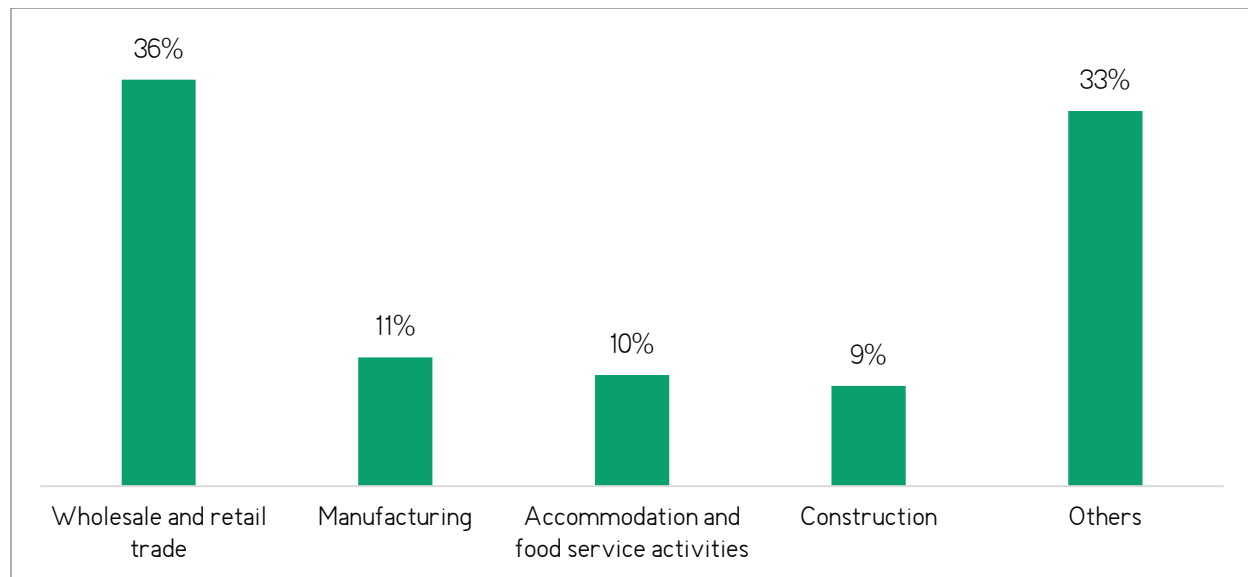
The highest share of vacancies is found in large enterprises, with 84% (458 out of 546 enterprises) having vacancies. Medium-sized enterprises follow with 65% (1404 out of 2160 enterprises), and finally, small enterprises have the lowest share with 30% (13,755 out of 46,438 enterprises).

Diagram 19 Specific shares of vacancies by size of enterprises
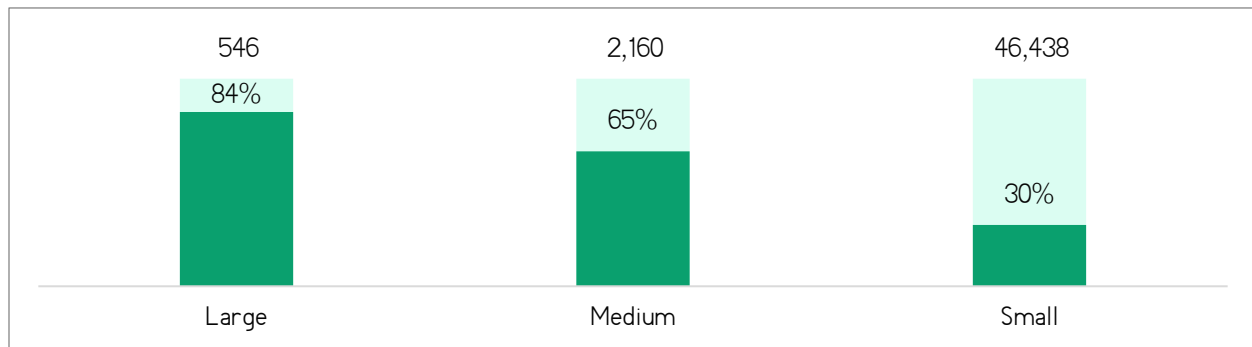
By types of economic activities, the share of enterprises[7] with vacancies is the highest in the hotel/restaurant sector - 42%, the lowest is in the sector of activities related to real estate - 14%. The table below shows the specific shares of enterprises with vacancies by sectors:

Hotels/restaurants	42%
Arts, entertainment and recreation	39%
Education	39%
Electricity, gas, steam and air conditioning supply	38%
Information and communications	37%
Water supply; Sewage, waste management and decontamination activities	36%
Professional, scientific and technical activities	35%
Other types of services	35%
Wholesale and retail trade; Motor vehicle and bicycle repair	33%
Agriculture, forestry and fisheries	33%
Activities of administrative and support services	32%
Financial and insurance activities	32%
Processing industry	31%
Construction	29%
Health and social service activities	27%
Mining industry and quarrying	24%
Transportation and storage	23%
Activities related to real estate	14%

Over the past year, the number of available vacancies amounted to 137,921, of which 115,756 vacancies were announced by enterprises, accounting for 84% of the available vacancies. 43% of announced vacancies (50,221 vacancies) account for large enterprises, 17% (21,365 vacancies) for medium-sized enterprises and 33% (44,170 vacancies) for small enterprises. 77% of announced vacancies are in Tbilisi, and 26% - in other regions.

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[7] Number of enterprises with vacancies in the sector / a total number of enterprises in the sector.

26%

74%

■ Tbilisi   ■ Other Regions

41%

40%

19%

■ Large   ■ Medium   ■ Small

As for the distribution of vacancies **by types of economic activities**, according to survey, most of the vacancies are in the sector of trade (26%), followed by the sectors of information and communications (11%), hotels and restaurants (10%), processing industry (10%), construction (8%), financial and insurance activities (7%).

Diagram 21 Distribution by sectors of vacancies advertised by enterprises in the last year

34%

26%

11%

10%

10%

8%

Wholesale and retail trade | Information and communication | Accommodation and food service activities | Manufacturing | Construction | Others
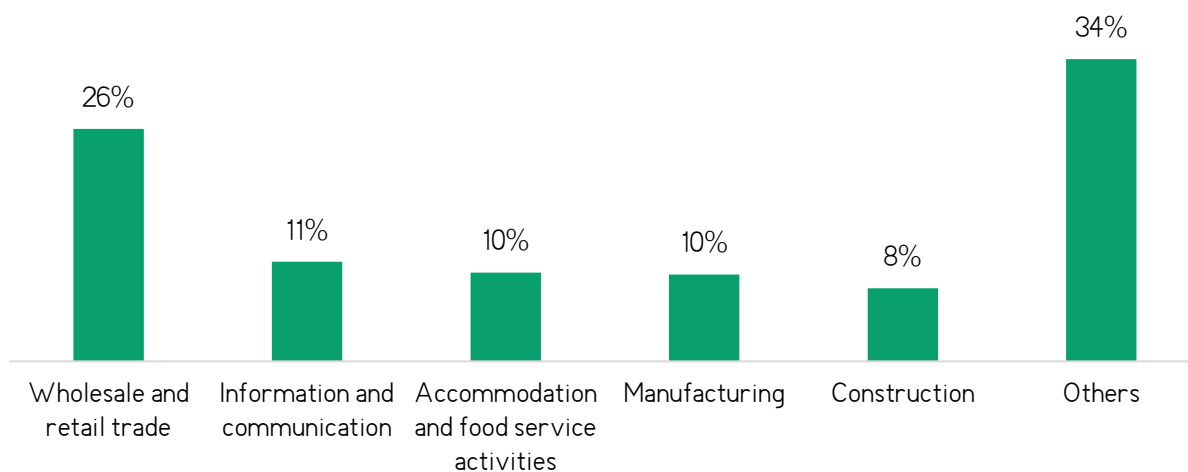
According to the survey, the announced vacancies, **by the major occupational groups** of the International Standard Classification of Occupations (ISCO 2008), were distributed as follows: most of the vacancies are for Service and Sales Workers (20%) and Professionals (19.8%). It is followed by Managers (17%), Craft and Related Trades Workers (10%), Clerical Support Workers (10%), Elementary Occupations (9%), Technicians and Associate Professionals (7%), Plant and Machine Operators and Assemblers (5%), Skilled Agricultural, Forestry and Fishery Workers (1%);

According to announced vacancies, the top 10 elementary occupational groups are:

Shop sales assistants	5,037
Programmers	4,944
Sales demonstrators	4,625
Building frame and related trades workers	3,826
Sales and marketing managers	3,645
Cleaners in offices, hotels and other establishments	3,454
Business services and administration managers	3,272
Managing directors and chief executives	3,232
Waiters	3,013
Cooks	2,755

Among the major occupational groups, according to the announced vacancies, the following elementary occupational groups are distinguished[8]:

#	#	#	Number	Share
Managers	1221	Sales and marketing managers	3,645	18%
Software developers	2512	Software developers	4,944	22%
Technicians and associate professionals	3312	Credit and Loans Officers	1,444	18%
Clerical support workers	4212	Bookmakers, Croupiers and Related Gaming Workers	2,487	21%
Services and sales workers	5223	Shop Sales Assistants	5,037	21%
Skilled agricultural, forestry and fishery workers	6113	Gardeners; Horticultural and Nursery Growers	221	32%
Craft and related trades workers	7119	Building Frame and Related Trades Workers Not Elsewhere Classified	3,826	33%
Plant and machine operators, and assemblers	8332	Heavy Truck and Lorry Drivers	1,870	31%
Elementary workers	9112	Cleaners and Helpers in Offices, Hotels and Other Establishments	3,454	32%

The survey also provides for the study of the average nominal wages offered for announced vacancies. The mentioned figure for vacancies announced in the last year is **1,411** GEL, which is 6% higher than **the average monthly wage (1,334 GEL)** of the entire business sector in 2022, determined based on the same survey. In addition, the highest wage offered for the announced vacancy is in the sector of information and communications (2430 GEL). This is followed by the wage offered for a vacancy advertised in the sector of finance and insurance (2059 GEL), and then comes the wage offered for a vacancy advertised in the construction sector (1899 GEL).

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[8] E.g.: In the major occupational group of managers, majority of the vacancies were announced for the position of Sales and Marketing managers - 3,645, which is 18% of the announced vacancies in the major occupational group of managers.

Diagram 22 Average monthly wages offered for vacancies advertised in the last year (by sectors)
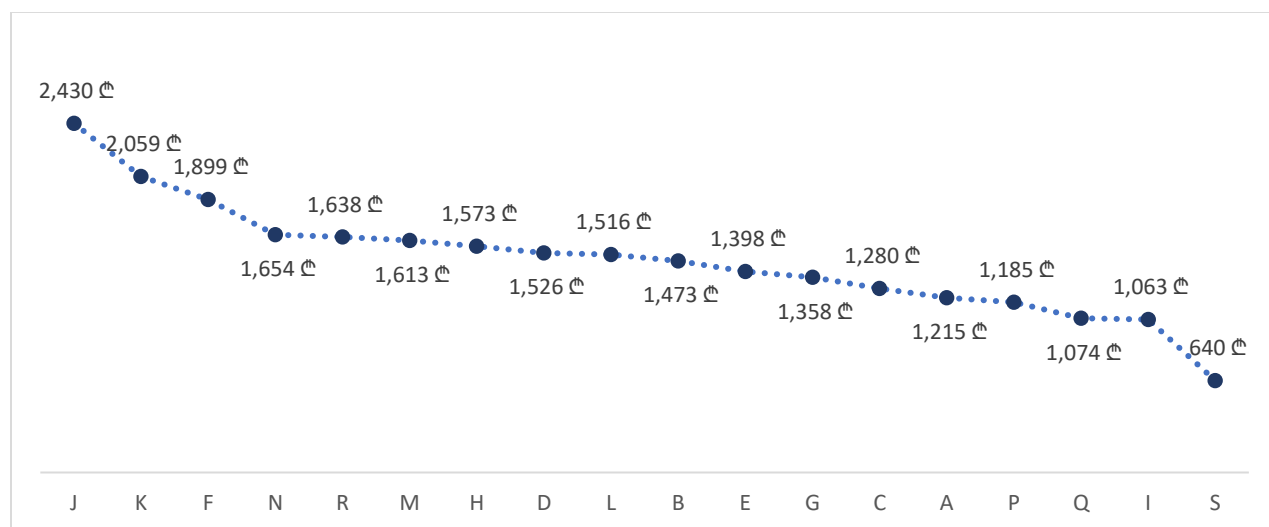
The average wage offered for vacancies announced in the last year, **by major occupational groups,** is the highest in the group of managers - 2280 GEL, followed by technicians and associate professionals - 1458 GEL. This indicator is the lowest in the group of skilled agricultural, forestry and fishery workers - 657 GEL.

Diagram 23 Average monthly wages offered for vacancies advertised in the last year (by major occupational groups)
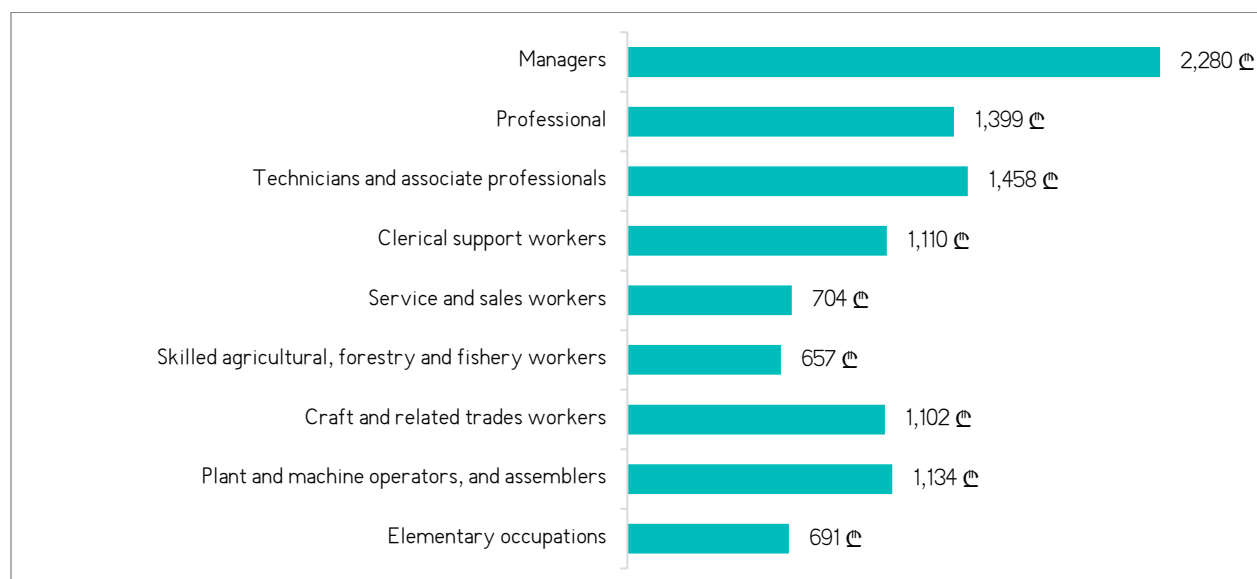
According to the survey, as of 1 September 2022, **13,893 vacancies out of announced ones remained unfilled, which is 12% of the announced vacancies.** Of these, 50% (6933 vacancies) accounts for large enterprises, 17% (2308 vacancies) for medium enterprises and 33% (4652 vacancies) for small enterprises. Unfilled vacancies were distributed by regions as follows: Tbilisi - 74%, other regions - 26%.

The distribution of unfilled vacancies **by types of economic activities** is as follows: trade - 26%, processing industry - 12%, construction - 12%, information and communications - 11%, financial and insurance activities - 10%.

Diagram 24 Distribution of unfilled vacancies (by size of enterprises, regions, sectors)
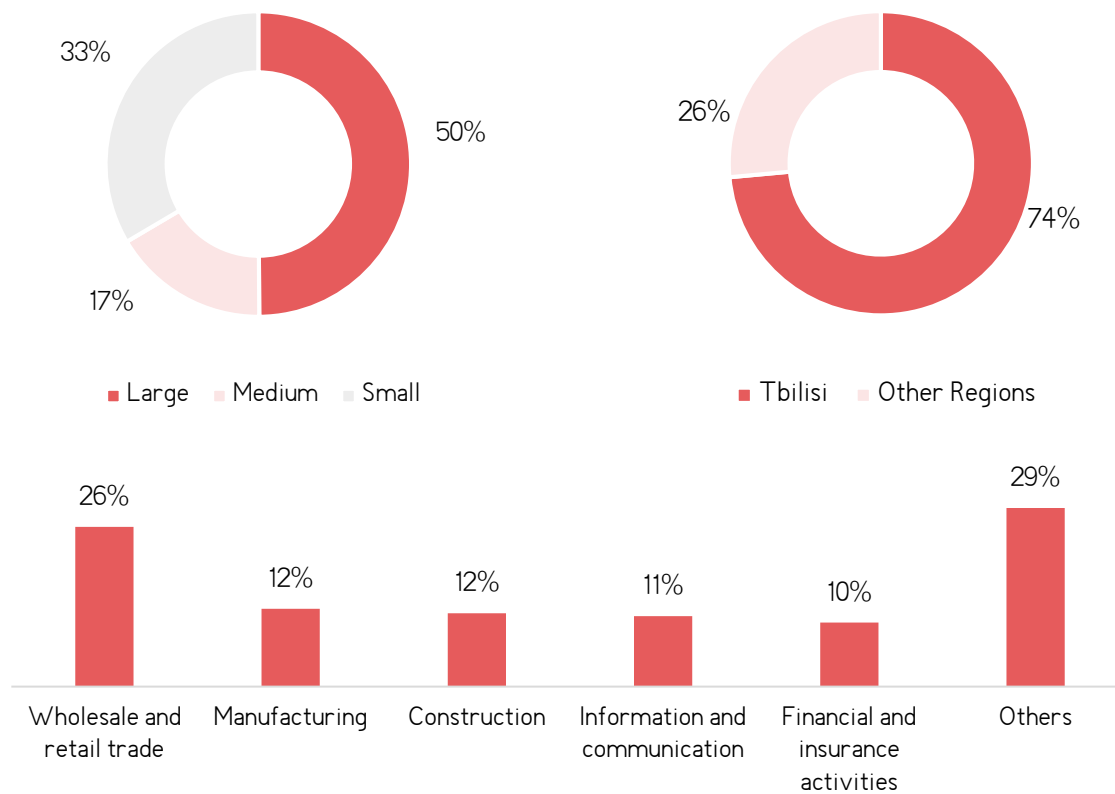
Unfilled vacancies **by the major occupational groups** mostly account for Service and Sales Workers - 23%, followed by Craft and Related Trades Workers - 19%, Clerical Support Workers - 14%, Managers - 12%, Professionals - 12%, Elementary Occupations -10%, Plant and Machine Operators and Assemblers -3%, Technicians and Associate Proffessionals - 7%, Skilled Agricultural, Forestry and Fishery Workers - 0.1%.

Unfilled vacancies **by elementary occupational groups**:

Building frame and related trades workers	1,151	8%
Shop sales assistants	872	6%
Sales demonstrators	868	6%
Contact centre information clerks	867	6%
Bank tellers and related clerks	600	4%
Sales and marketing managers	487	4%
Elementary workers not elsewhere classified	365	3%
Business services and administration managers	350	3%
Waiters	302	2%
Cleaners in offices, hotels and other establishments	300	2%

It is worth mentioning the share of unfilled vacancies[9] **by types of economic activities**. According to the survey, the problem of filling vacancies was most pronounced in the energy sector, where 25% of the announced vacancies remained unfilled (1,207 announced and 301 unfilled vacancies). This was followed by construction - 19% (announced - 8,822, unfilled - 1,635), financial and insurance activities 16% (announced - 8,668, unfilled - 1,427), processing industry - 15% (announced - 11,516, unfilled - 1,728). The lowest rate of unfilled vacancies was observed in real estate-related activities - 4% (announced - 1896, unfilled - 75).

Additionally, the share of unfilled vacancies[10] **among major occupational groups** is the highest among Craft and Related Trades Workers (23%).

Diagram 25 Distribution of unfilled vacancies by major occupational groups
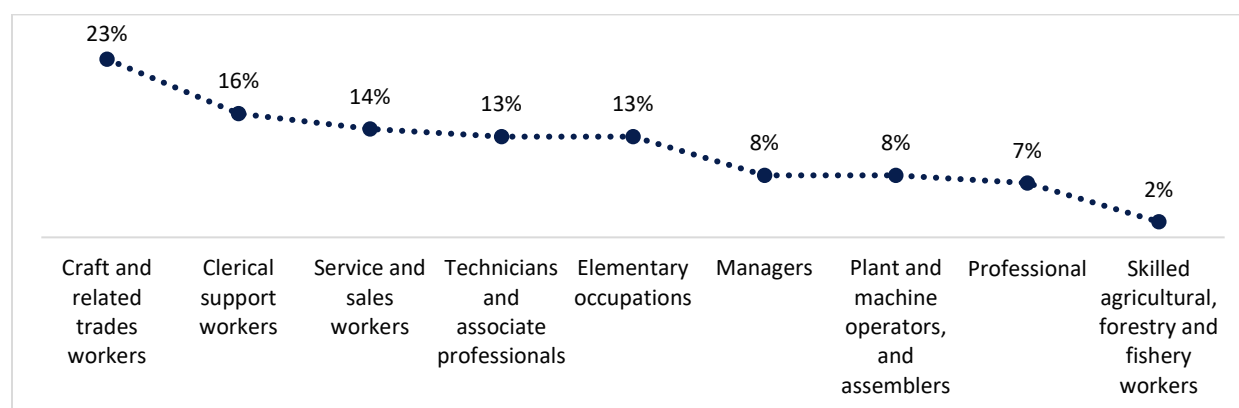
Among the elementary occupational groups (where more than 100 vacancies were announced), there is a high share[11] of unfilled vacancies among Metal Working Machine Tool Setters and Operators - 92% (101 unfilled vacancies), Contact Centre Information Clerks - 86% (867 unfilled vacancies), Handicraft Workers in Textile, Leather and Related Materials - 76% (152 unfilled vacancies).

Elementary occupational group	Unfilled vacancies	Share
Metal working machine tool setters and operators	101	92%
Contact centre information clerks	867	86%
Handicraft workers in textile, leather and related materials	152	76%
House Builders	235	60%
Service Station Attendants	134	59%
Cabinet-makers and related workers	76	51%
Stall and marker salespersons	93	48%
Butchers, fishmongers and related food preparers	161	46%
Business services agents not elsewhere classified	70	39%
Elementary workers employed in processing industry	272	33%

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[9] Number of unfilled vacancies in the sector / number of announced vacancies in the sector

[10] Number of unfilled vacancies in the major occupational group / Number of announced vacancies in the major occupational group

[11] Number of unfilled vacancies in the elementary occupational group / Number of announced vacancies in the elementary occupational group

According to the survey, **708 enterprises** had problems while filling vacancies, which is **5%** of enterprises with announced vacancies. 12% of these enterprises are large enterprises (representing 22% of large enterprises that announced a vacancy), 16% are medium-sized enterprises (representing 9% of medium-sized enterprises that announced a vacancy), and 72% are small businesses (representing 4% of small businesses that announced a vacancy). The distribution by regions shows that 72% of these enterprises are located in Tbilisi, while 28% are located in other regions.

Most of the enterprises that had problems in filling vacancies (38%) belong to the trade sector. They are followed by: processing industry - 11%, hotels and restaurants - 9%, healthcare and social activities - 5%, other services - 5%, professional, scientific and technical activities - 5%, construction - 5%, information and communications - 5%, education - 4%, financial and insurance activities - 3%, administrative and support activities - 2%, arts, entertainment and recreation - 2%, transport and storage - 2%, mining and quarrying activities - 1%, activities related to real estate - 1%, water supply; Sewerage, waste management and decontamination activities - 1%.

The largest share of problems[12] in filling vacancies is found in the enterprises of the following sectors: financial and insurance activities - 15%, water supply; Sewerage, waste management and decontamination - 13%, education - 11%, other services - 10%;

In terms of the reasons for unfilled vacancies, 26% of enterprises encountered a problem due to "Insufficient number of applicants", in the case of 19% - "Applicants were not qualified", in the case of 16% - "Applicants expected higher wages than offered", in the case of 14% - "Lack of work experience among the applicants", in the case of 10% - "Applicants did not like the proposed working environment (physically difficult, accessibility, etc.)", in the case of 9% - "Great competition from different employers", in the case of 6% - "No one applied", and in the case of 0.4% - "Applicants were overqualified".

Diagram 26 Reasons for unfilled vacancies

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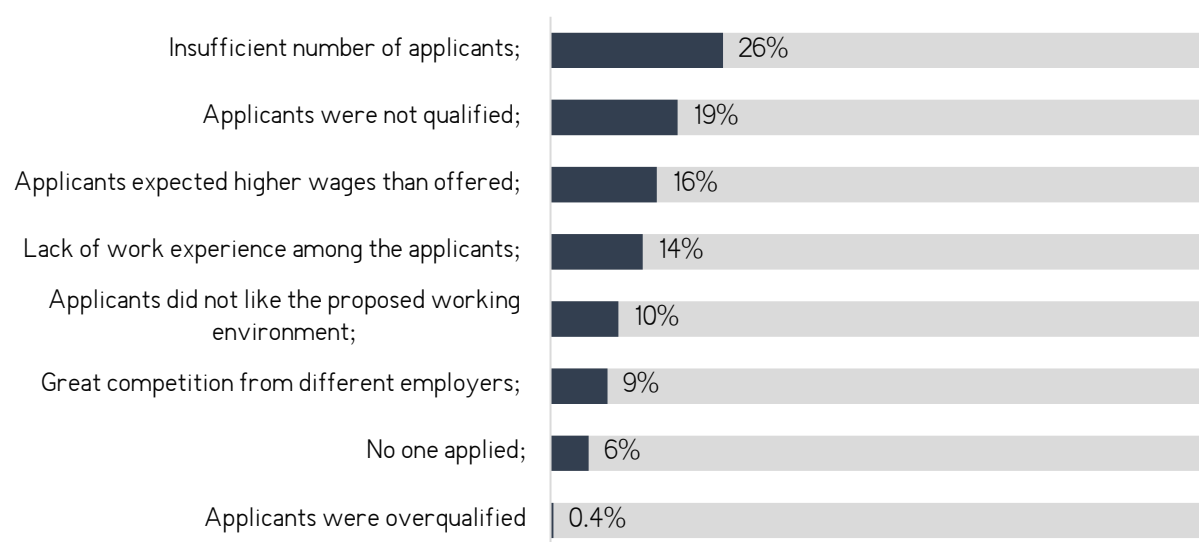
[12] The number of enterprises in the sector that had problems in filling advertised vacancies / The number of enterprises in the sector that had a vacancy announced.

The answers to the reasons for not filling vacancies were distributed by types of economic activities as follows:

- ✓ In the case of the answer "Applicants were not qualified", the largest share of this answer was found in the construction sector - 55% (66 answers in total, 36 of them concerned insufficient qualifications of applicants), followed by administrative and support services - 29%, arts, entertainment and recreation - 28%, education - 28%, electricity, gas, steam and air conditioning supply - 27%;
- ✓ "Lack of work experience among applicants" - most of all observed in the sector of professional, scientific and technical activities - 27%;
- ✓ "Applicants expected higher wages than they offered" – mainly in the water supply sector – 44%;
- ✓ "Applicants did not like the proposed working environment (physically difficult, accessibility, etc.)" - most of all observed in the water supply sector - 38%;
- ✓ "Great competition from different employers" - mainly in the sector of financial and insurance activities - 25%;
- ✓ "No one applied" - most of all in the transport sector - 36%.

According to the study, in the last 6 months after the survey, **5,877 enterprises** had vacancies (which is 38% of the enterprises that had vacancies in the last 1 year), which amounted to **40,712 vacancies** in total. Of these, **35,291 vacancies** (87%) were announced, **5,445 vacancies** (15.4%) remained unfilled.

Diagram 27 Advertised and unfilled vacancies by major occupational groups (last 6 months after survey)
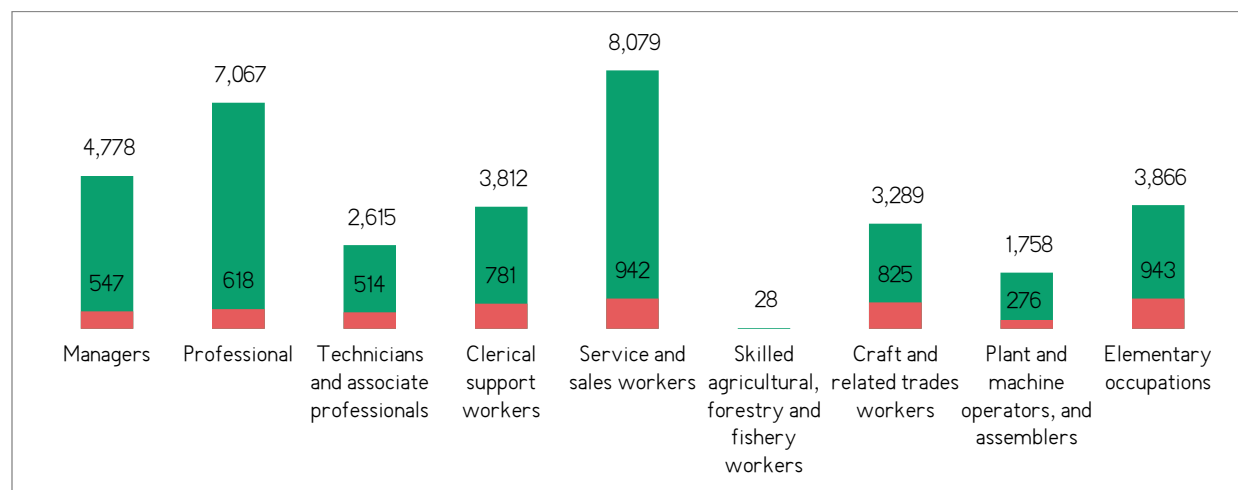
According to the study, as of 1 September 2022, at the time of the survey, there were **10,602** vacancies at **1,819** enterprises, of which **9,117** (85%) vacancies were announced.

The vacancies announced at the time of the survey (9,117 vacancies) were distributed **by the major occupational groups** as follows: persons employed in the service and sales sector - 25%, professionals - 19%, elementary workers - 13%, Craft and related trades workers - 12%, managers - 10%, clerical support workers - 10%, technicians and associate professionals - 7%, Plant and machine operators and assemblers - 4%, skilled agricultural, forestry and fishery workers - 1%.

As part of the survey, in relation to the vacancies available at the enterprise, such issues as the sources of finding new personnel, methods for assessing applicants, the need for the applicant to know a foreign language based on the activities of the enterprise, etc. were studied.

As the study showed, 52% of enterprises name relatives, friends and acquaintances as sources for finding new personnel, 34% - the Internet (social networks, websites), 12% - private employment agencies, and 0.5% - worknet.gov.ge, the portal of State Employment Support Agency of the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia.

Diagram 28 Sources for finding new employees
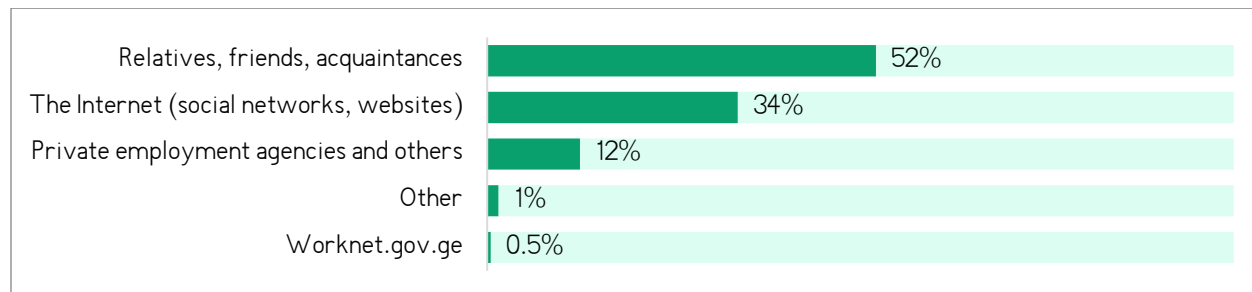
According to the study, 45% of enterprises evaluate applicants through interviews, 29% - through a workplace exam, 18% consider references, 4% conduct testing and 3% evaluate applicants based on subjective decisions.

Diagram 29 Methods for evaluating applicants
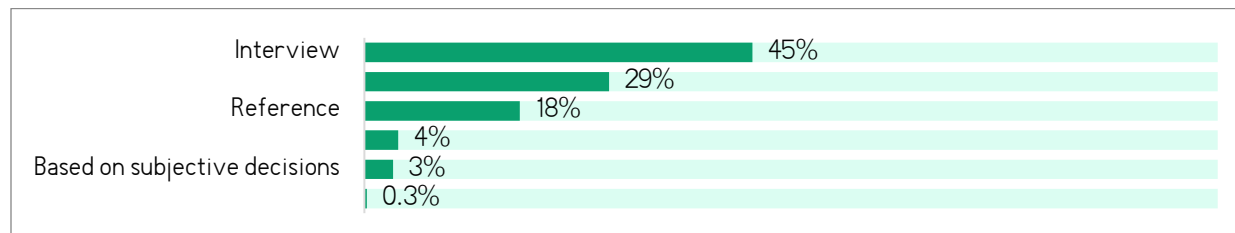
Half of the enterprises (50%), when hiring, give preference to applicants with some "experience", 14% give preference to applicants "who have passed on-site practice", 11% - "who have no work experience, but have motivation", 11% - "who were recommended by employees", 10% - "who were recommended by relatives", 3% - "who have no work experience, but have the relevant theoretical knowledge".

Diagram 30 Which applicants have an advantage?
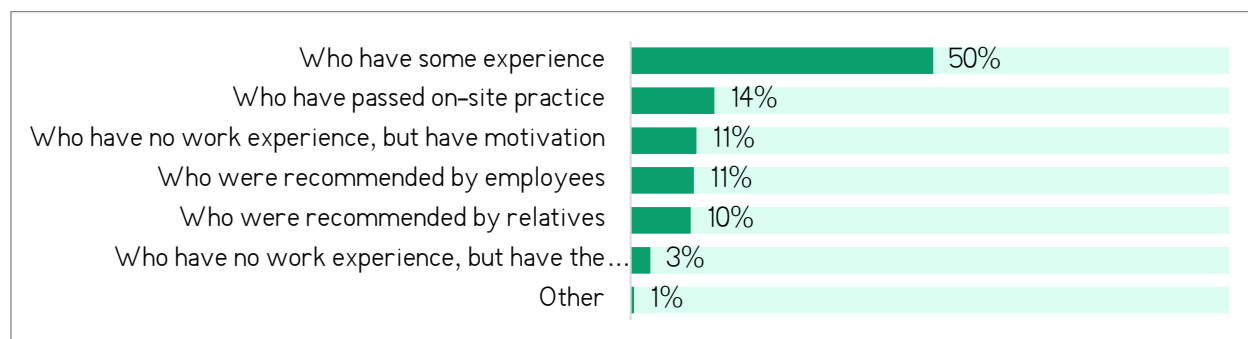
51% of enterprises do not require knowledge of a foreign language from applicants, almost a third of enterprises (28%) require it in most cases, and 21% do not require it in most cases. Those who require knowledge of a foreign language stated that their priority languages were English (74%), followed by Russian (21%), Turkish (4%), and other languages (2%).

Diagram 31 Is knowledge of a foreign language required from an applicant?
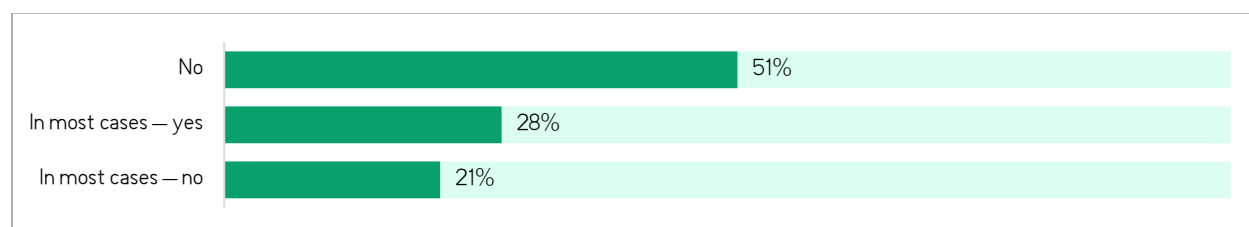
According to the study, businesses use different ways to solve the problem of filling vacancies. In particular, 31.0% start a more intensive search, 13.4% change their working conditions and / or other circumstances, in the case of 8.9% enterprises - employees work overtime, 8.1% solved the problem of filling vacancies by retraining the existing workforce, in the case of 6.3% enterprises - the job was outsourced, 6% hired temporary workers, and 25.7% did not apply for any measures.

Diagram 32 What measures has the company taken to eliminate the problem of filling a vacancy
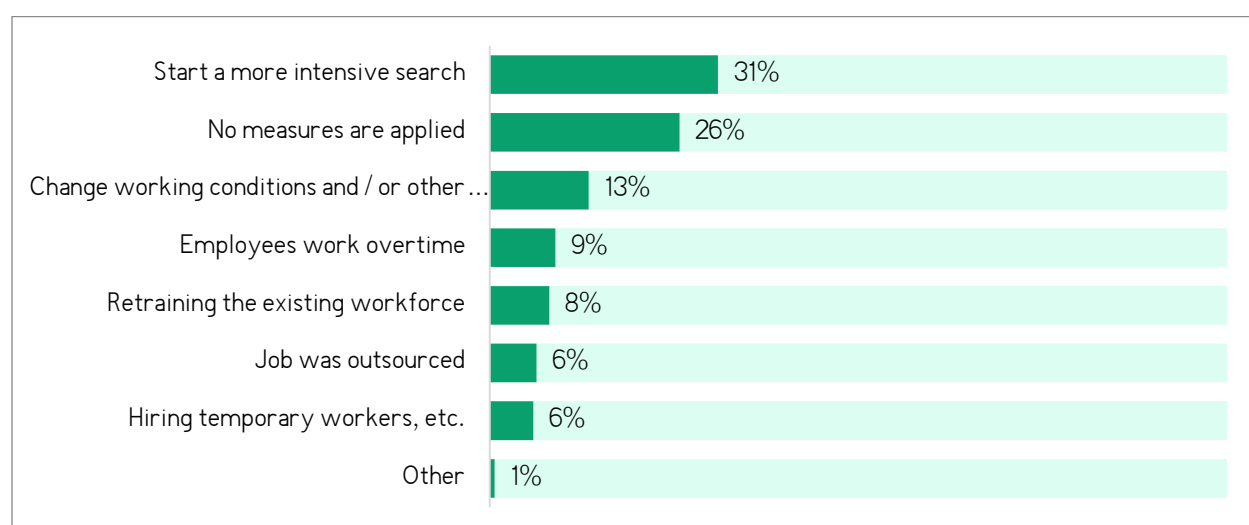
Section 4 — Demand for workforce

As part of the study, in order to determine the future demand for workforce, the interviewed enterprises were asked to answer the question - "Do you intend to increase the number of workforce in the next 12 months?". According to the results of the survey, **1855** enterprises gave a positive answer (which is **3.8%** of all enterprises). As of 1 September 2022, the expected growth in the number of employees over the next year is **27,126** people, which is 3% of current employment.

The expected increase in employees over the next year (27,126 people) was distributed as follows by the size of enterprises, regions and types of economic activities, by size of enterprises: large - 18%, medium - 18%, small - 64%; by regions: Tbilisi - 62%, other regions - 38%; by types of economic activities: trade - 28%, processing industry - 16%, construction - 13%, hotels and restaurants - 8%, the share of other industries - 34%.

Diagram 33 Expected growth of employees in the next year and their distribution (by enterprise size, regions, sectors)
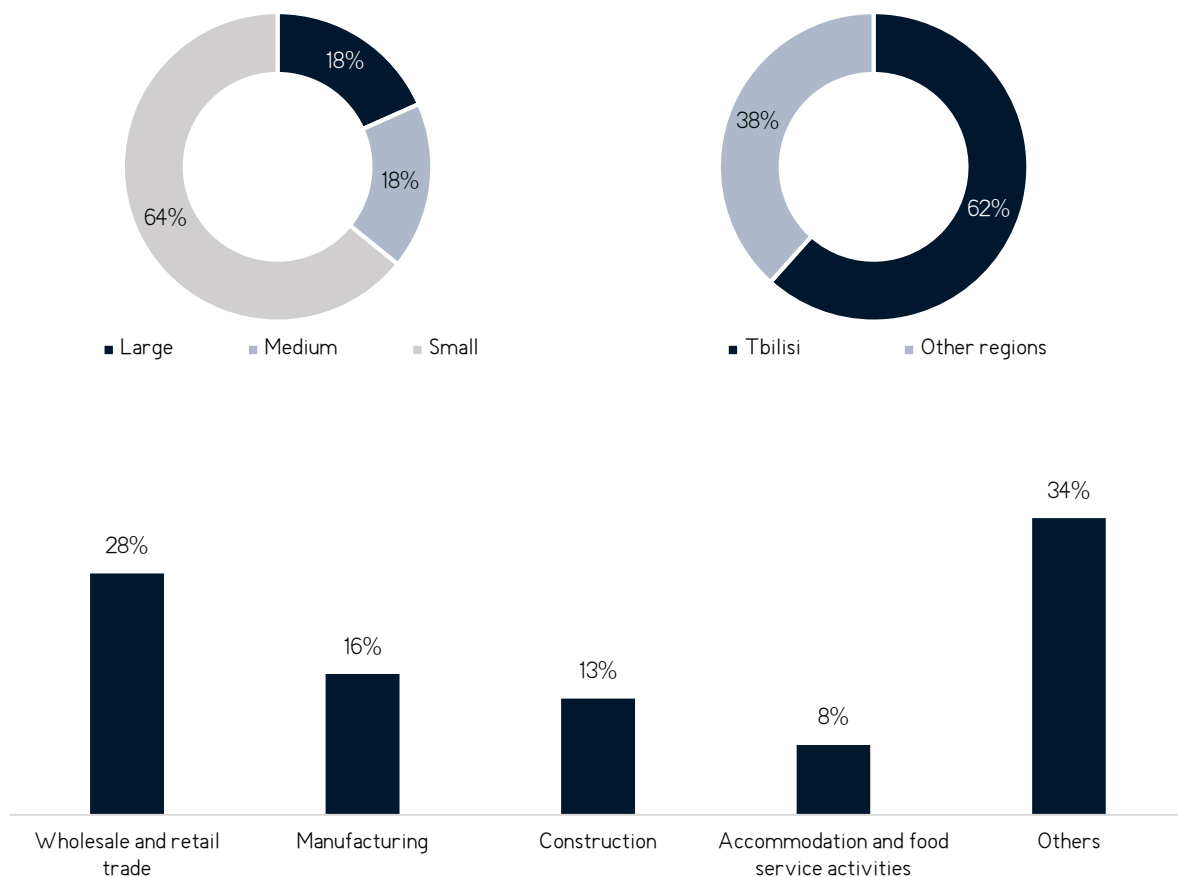
By the major occupational groups, the expected increase in employment is highest in the groups of Craft and Related Trades Workers (22%) and Services and Sales Workers (22%). They are followed by: Professionals - 18%, Managers - 11%, Elementary Occupations - 9%, Technicians and Associate Professionals - 8%, Clerical Support Workers - 5%, Plant and Machine Operators and Assemblers - 4%, Skilled Agricultural, Forestry and Fishery Workers - 1%.

The expected growth rate (number of enterprises named according to expected growth/number of employees) depending on the size of enterprises is the highest for small enterprises - 6%, followed by medium enterprises - 3% and large enterprises - 1%. The growth rate is 3% in Tbilisi and 4% in other regions.

Over the next year, the growth rate by sector will look like this:

Professional, scientific and technical activities	6%
Construction	5%
Processing industry	4%
Housing and food supply services	4%
Administrative and support services activities	4%
Wholesale and retail trade; Motor vehicle and bicycle repair	4%
Information and communications	4%
Education	3%
Other types of services	3%
Agriculture, forestry and fisheries	3%
Transportation and storage	2%
Electricity, gas, steam and air conditioning supply	2%
Health and social service activities	1%
Financial and insurance activities	1%
Activities related to real estate	1%
Arts, entertainment and recreation	1%
Mining industry and quarrying	1%

Regarding the growth rates over the next year by the major occupational groups, it looks like this:

Diagram 35 Growth rates over the next year by major occupational groups
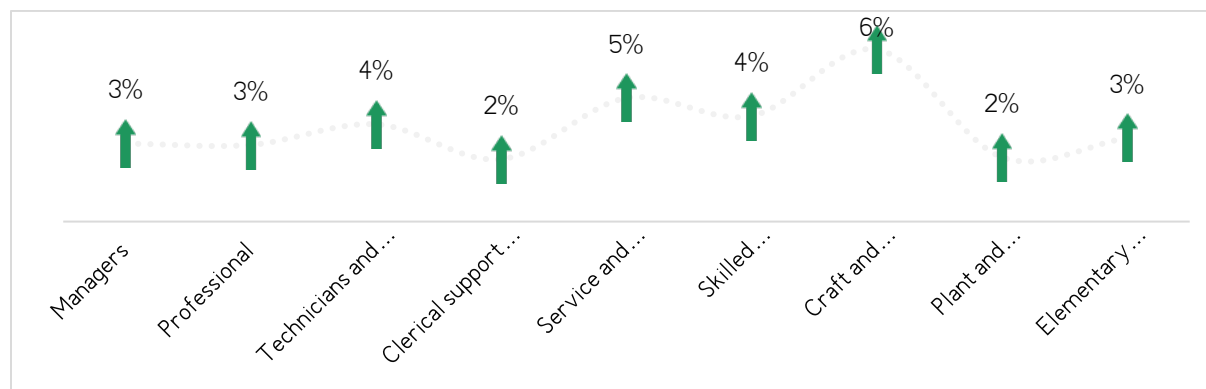
As of 1 September 2022, 1,955 enterprises responded positively to the question about the expected growth in the number of employees **over the next 5 years**, which is 4% of the total number of enterprises. The expected growth in the number of employees was **51,040** people, which is 6% of the total number of employees (growth rate).

The expected increase in employees **over the next 5 years** (51,040 people) was distributed by size of enterprises, regions and types of economic activities as follows: by size of enterprises: large - 28%, medium - 18%, small - 54%; By regions: Tbilisi - 68%, other regions - 32%; By sectors: trade - 33%, processing industry - 14%, construction - 11%, hotels and restaurants - 7%, the total share of other sectors - 34%.

Diagram 36 Expected growth of employees in the next 5 years and their distribution (by enterprise size, regions, sectors)
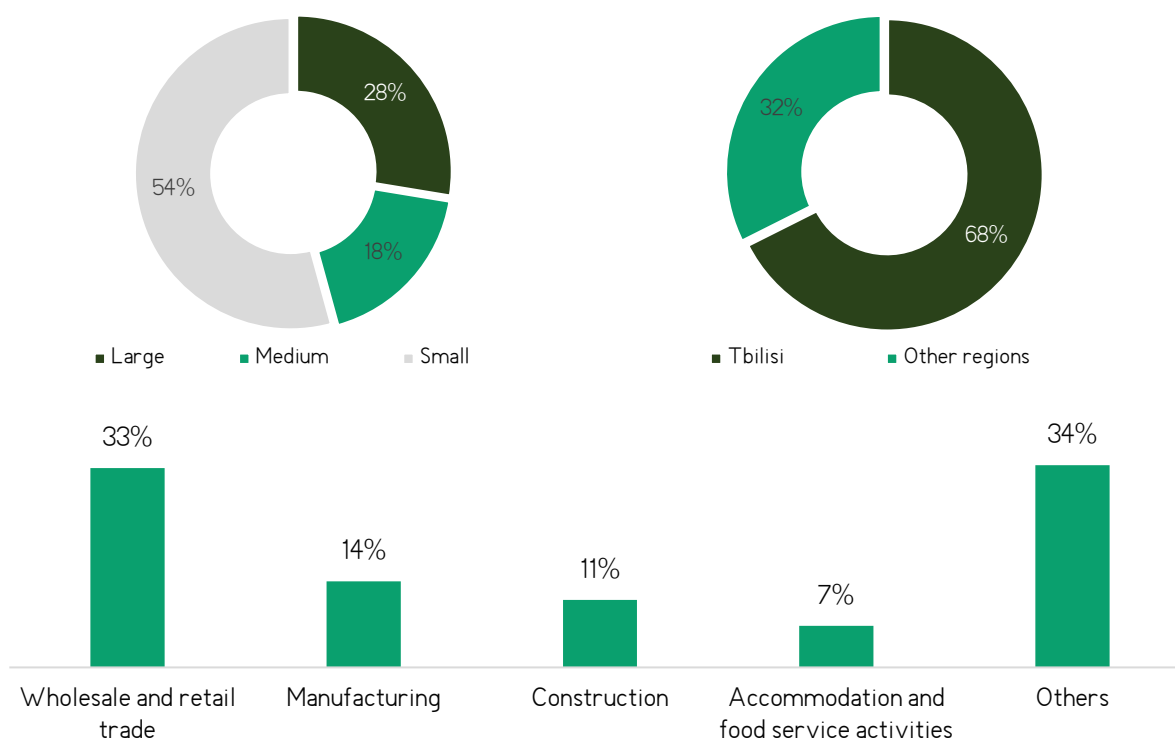
Over the next 5 years, as a result of the expected growth, the number of employees was distributed **by the major occupational groups** as follows: Service and Sales Workers - 28%, Craft and Related Trades Workers - 18%, Professionals - 18%, Managers - 9%, Elementary Occupations - 9%, Technicians and Associate Professionals - 7%, Clerical Support Workers - 6%, Plant and Machine Operators and Assemblers - 4%, Skilled Agricultural, Forestry and Fishery Workers - 1%.

Diagram 37 Growth rates of employees by major occupational groups (5 years)
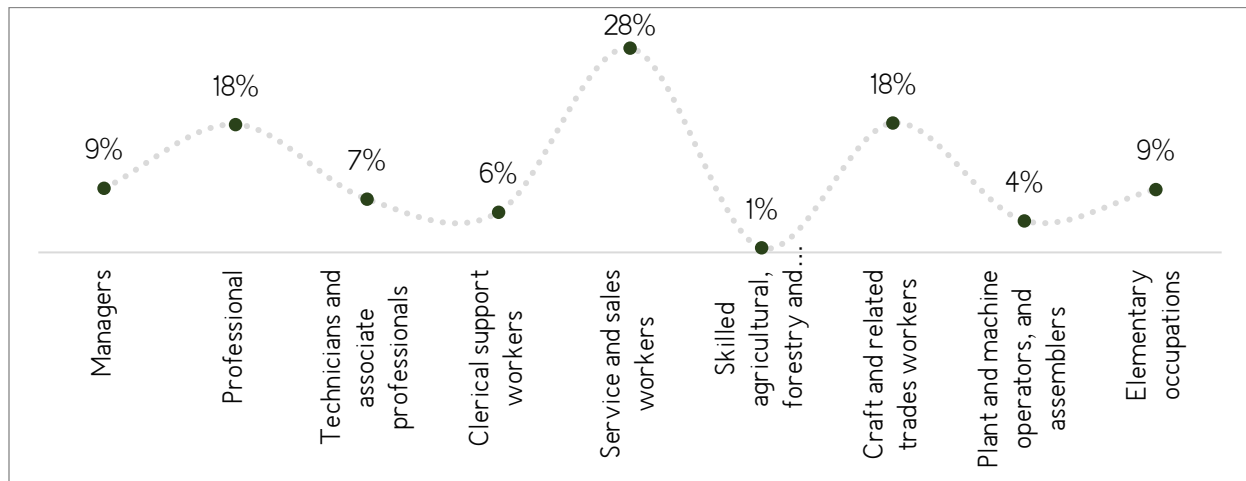
Over the next 5 years, the expected **growth rate** (number of enterprises named according to expected growth/number of employees) is 9% for small enterprises, 6% for medium enterprises and 4% for large enterprises. The expected growth is 6% in Tbilisi and 7% in other regions.

Expected growth rate **by types of economic activities**:

Professional, scientific and technical activities	14%
Wholesale and retail trade; Motor vehicle and bicycle repair	9%
Construction	8%
Administrative and support services activities	8%
Processing industry	7%
Information and communications	7%
Housing and food supply services	7%
Education	5%
Agriculture, forestry and fisheries	5%
Transportation and storage	4%
Other types of services	4%
Health and social service activities	2%
Electricity, gas, steam and air conditioning supply	2%
Financial and insurance activities	2%
Activities related to real estate	2%
Arts, entertainment and recreation	2%
Mining industry and quarrying	1%

Growth rates **by elementary occupational groups** (at least 100 people for expected growth in the next year):

#	ISCO	Growth-1 year	Growth rate
5113	Travel guides	109	61%
3122	Manufacturing Supervisors	248	47%
7115	Carpenters and Joiners	156	23%
8344	Lifting Truck Operators	106	22%
2161	Building Architects	429	21%
1222	Advertising and Public Relations Managers	306	19%
7522	Cabinet-makers and Related Workers	127	18%
7231	Motor Vehicle Mechanics and Fitters	721	18%
2634	Psychologists	108	17%
7533	Sewing, Embroidery and Related Workers	291	17%

To the question "Do you plan to reduce the number of employees in the next 1 year?" 119 enterprises responded positively (0.2% of all enterprises). Next year, **the number of expected layoffs is 1041**, which is distributed by the size of enterprises, regions, sectors and occupational groups as follows:

- ✓ By size of enterprises: large - 22%, medium - 18%, small - 60%;
- ✓ By regions: Tbilisi - 77%, other regions - 23%;
- ✓ By sectors: trade - 26%, construction - 22%, agriculture, forestry and fishery - 13%, other types of services - 8%, other sectors - 30%;
- ✓ By the major occupational groups: Managers - 26%, Service and Sales Workers - 18%, Craft and Related Trades Workers - 18%, Plant and Machine Operators and Assemblers - 13%, Professionals - 13%, Technicians and Associate Professionals - 6%, Elementary Occupations - 4%, Clerical Support Workers - 2%.
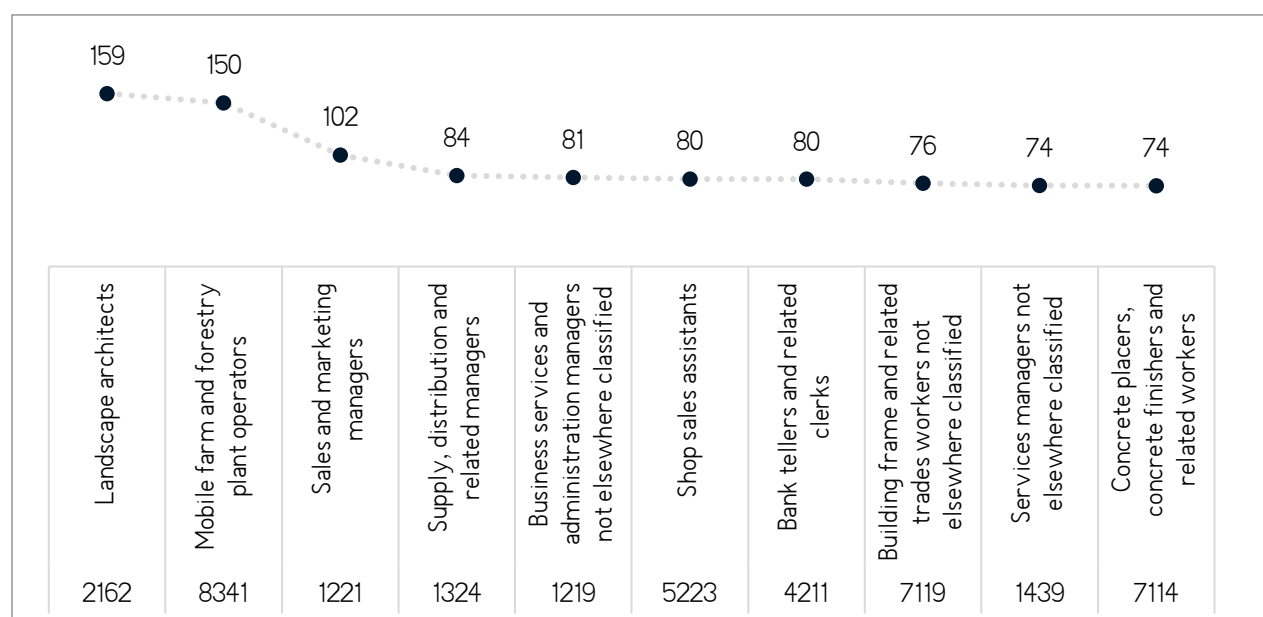
Diagram 38 Expected reduction of workers by elementary occupational groups (1 year)
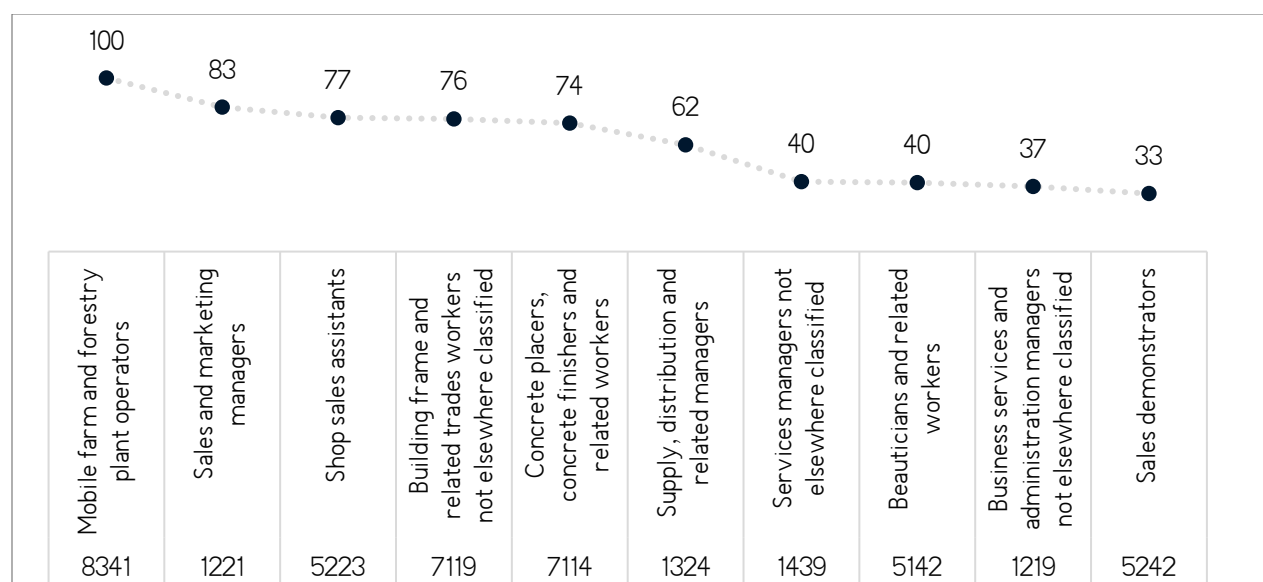
131 enterprises responded positively to the question about the expected reduction of employees in the next 5 years, which is 0.3% of all enterprises. The expected number of staff cuts is **1,664**, which is distributed by the size of enterprises, regions, sectors and occupational groups as follows:

- By size of enterprises: large - 25%, medium - 22%, small - 53%;
- By regions: Tbilisi - 82%, other regions - 18%;
- By sectors: trade - 21%, construction - 17%, agriculture, forestry and fishery - 14%, other types of services - 5%, other sectors - 43%,
- By the major occupational groups: managers - 24%, professionals - 19%, persons employed in the service and sales sector - 15%, craft and related trades workers - 14%, plant and machine operators and assemblers - 12%. %, technicians and associate professionals - 6%, clerical support workers - 6%, elementary workers - 5%.

Diagram 39 Expected reduction of workers by elementary occupational groups (5 years)

| Value	159	150	102	84	81	80	80	76	74	74
Group	Landscape architects	Mobile farm and forestry plant operators	Sales and marketing managers	Supply, distribution and related managers	Business services and administration managers not elsewhere classified	Shop sales assistants	Bank tellers and related clerks	Building frame and related trades workers not elsewhere classified	Services managers not elsewhere classified	Concrete placers, concrete finishers and related workers
Code	2162	8341	1221	1324	1219	5223	4211	7119	1439	7114

Section 5 – Workforce development

The results of the study indicate that there is a low level of enterprise involvement in the development of their workforceAs of 1 September 2022, the number of enterprises that financed the training of employees amounted to 2,105, which is equal to 4% of the total number of enterprises. The mentioned enterprises are distributed by size of enterprises, regions and sectors as follows:
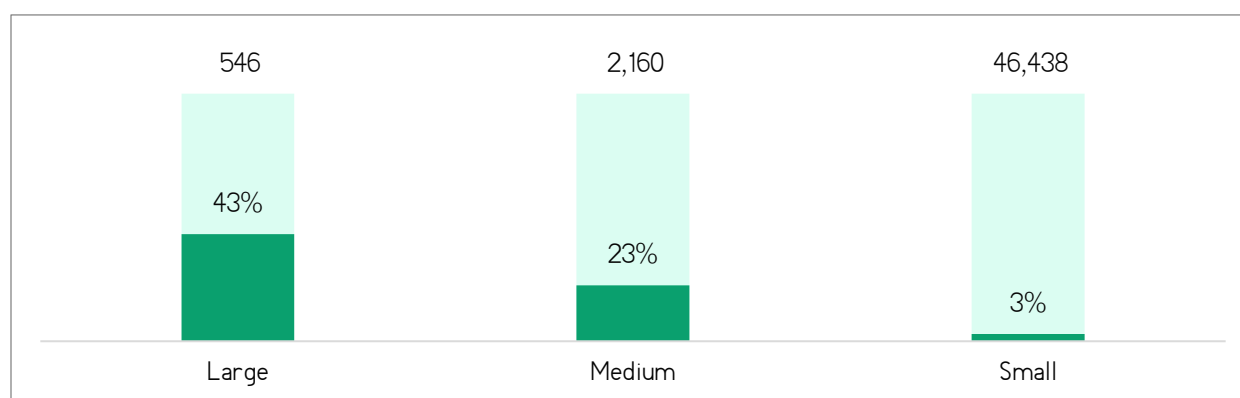
✓ By size of enterprises: large - 11%, medium - 23%, small - 66%;
✓ By regions: Tbilisi - 70%, other regions - 30%;
✓ By sectors: trade - 23%, professional, scientific and technical activities - 13%, healthcare and social activities - 9%, hotels and restaurants - 8%, other enterprises - 47%;

Diagram 40 Distribution of enterprises engaged in personnel training by sectors and regions
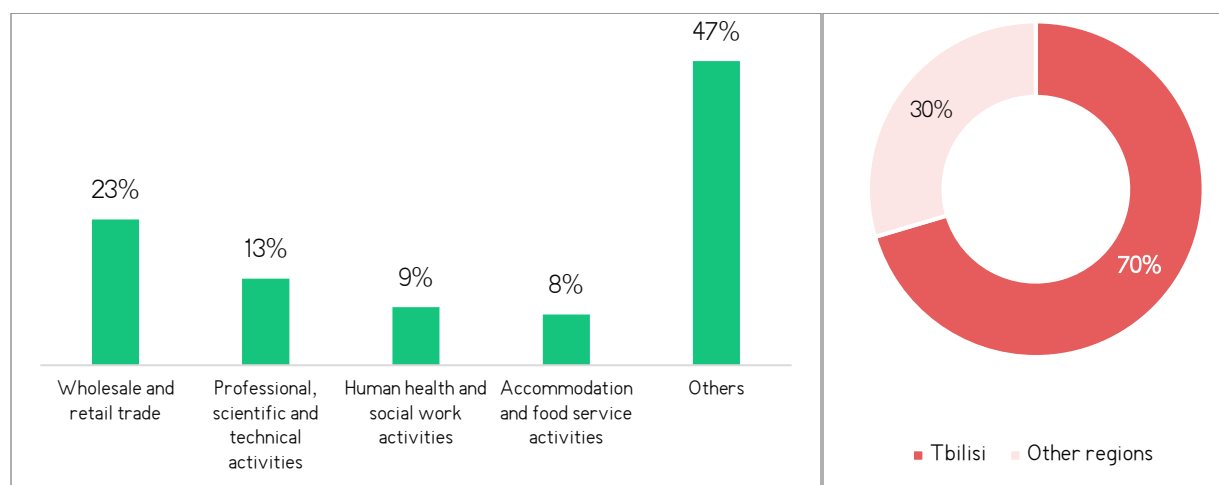

When it comes to activities related to retraining, large enterprises have the highest share at 43%, followed by medium-sized enterprises at 23%, and small enterprises at only 3%.

Diagram 41 Share of employee training by enterprises (by enterprise size)

Economic sector is as follows: financial and insurance activities (16%), electricity, gas, steam, and air conditioning supply (13%), education (13%), information and communications (12%), health care and social service activities (10%), and professional, scientific, and technical activities (10%).

Diagram 42 Share of employee training by enterprises (by sectors)[13]
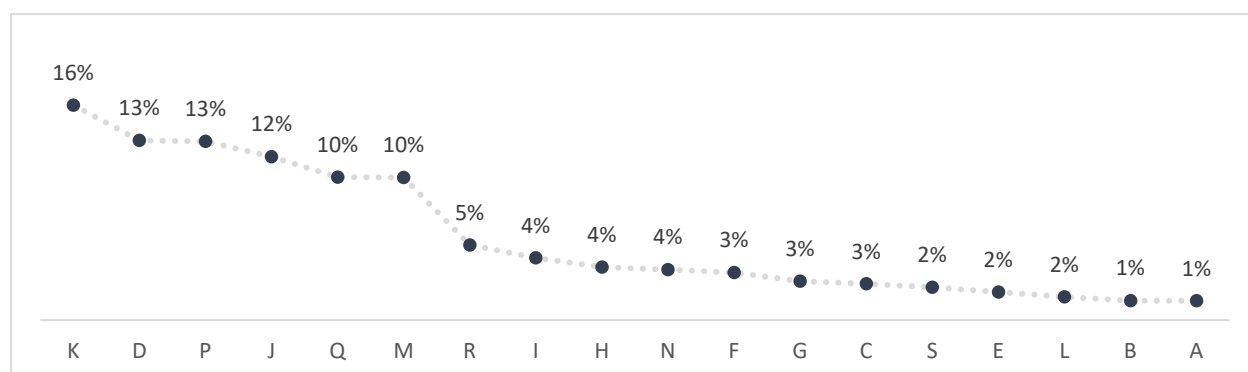
In 2022, the number of retrained workers accounted for **51,136** people, which is 6% of the total number of employees. By size of enterprises, regions and sectors, these enterprises are as follows:
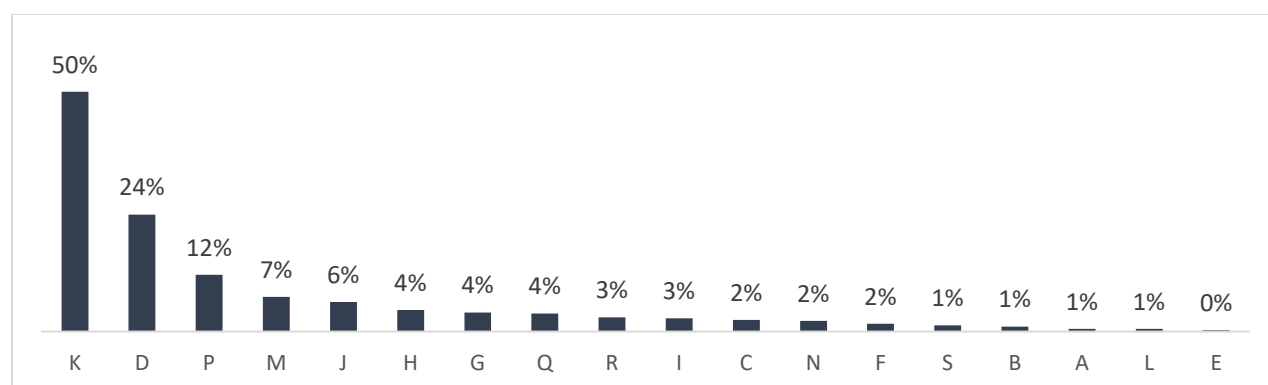
- ✓ By size of enterprises: large - 77%, medium - 14%, small - 9%;
- ✓ By regions: Tbilisi - 85%, other regions - 15%;
- ✓ By sectors: financial and insurance activities - 39%, trade - 15%, energy - 8%, healthcare - 6%, education - 6%.

*Diagram 43 Number of trained employees (by regions, enterprise size, sectors)*

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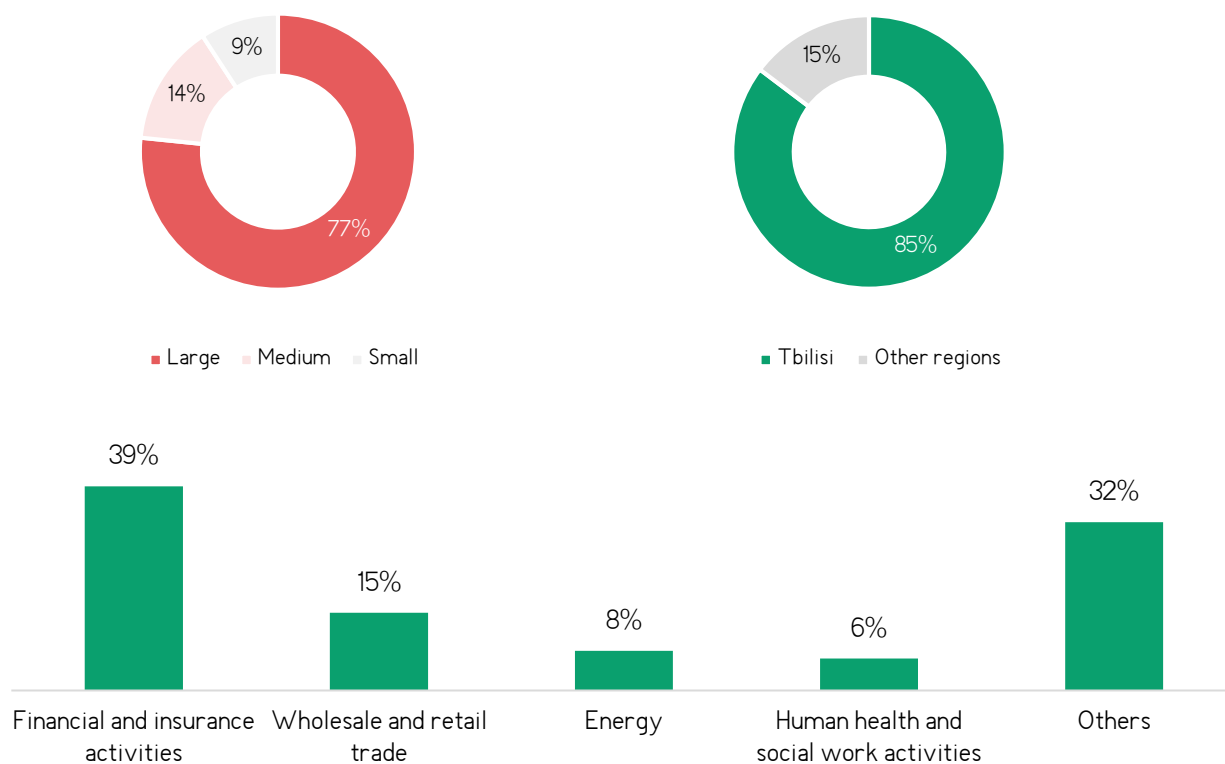
[13] Abbreviations of sectors

Diagram 44 Level of trained employees by sectors[14]

According to the study, 86% of enterprises cited the reason for not providing training as "employees do not need retraining", 12% cited the lack of appropriate financial resources and less than 1% cited the failure to find suitable retraining courses.

*Diagram 45 Reasons for not providing training of employees*
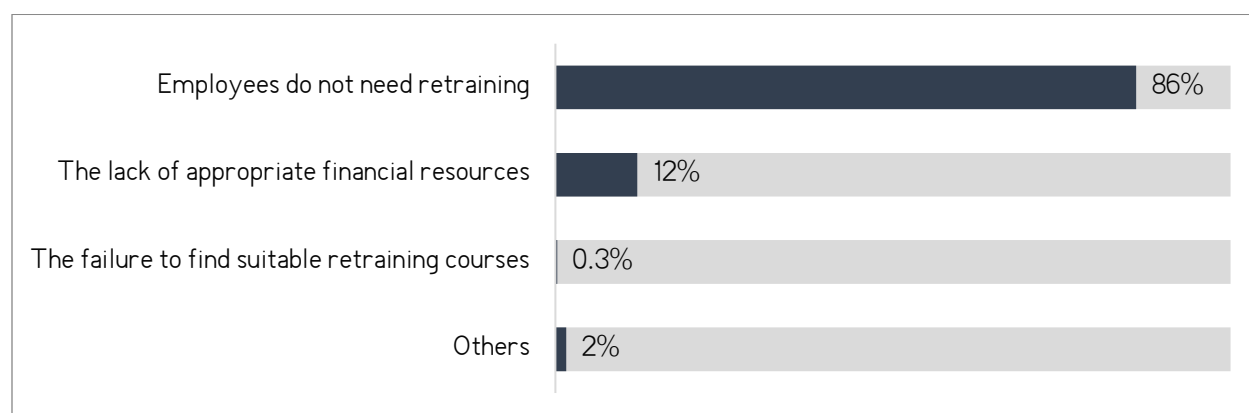
In terms of retraining, the highest percentage of enterprises citing "the lack of appropriate financial resources" is in the health sector (21%), followed by real estate (20%), agriculture (19%), administrative and support service activities (18 %), ICT (16%), education (16%), financial and insurance activities (14%), housing and food supply activities (14%), other types of services (13%), processing industry (13%). %), construction (12%), professional, scientific and technical activities (12%). Sectors with a below-average share include: wholesale and retail trade; Motor vehicle and bicycle repair (11%), mining industry and quarrying (8%), electricity, gas, steam and air conditioning supply (8%), transportation and storage (8%), arts, entertainment and recreation (6%).

Of the trainings financed by enterprises, 73% are for advanced training in the specialty, 12% for information technologies, and 8% for foreign languages.

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[14] Abbreviations of sectors

Diagram 46 Funded trainings by areas

Advanced training in the specialty	73%
Information technologies	12%
Foreign languages	8%
Others	7%
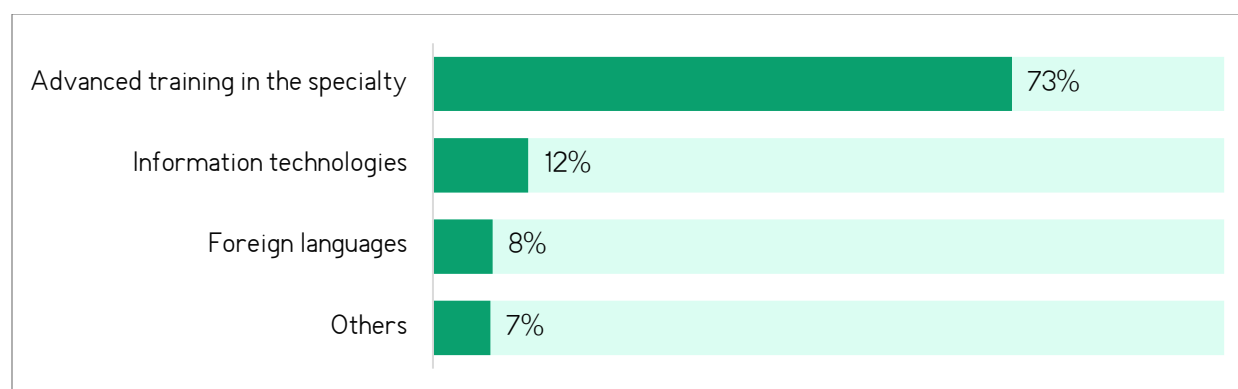
From the perspective of increasing the motivation to retain employees, employers most commonly use expressions of gratitude (29%) and monetary rewards (28%), although the largest proportion of companies (32%) do not use any incentive mechanisms at all.7% of businesses use an incentive method, and 4% use giving a paid gift.

Diagram 47 Employee motivation mechanisms

|	
Use no mechanism	32%
Expressing gratitude	29%
Giving monetary rewards	28%
Promotion	7%
Giving a paid gift	4%
Others	1%
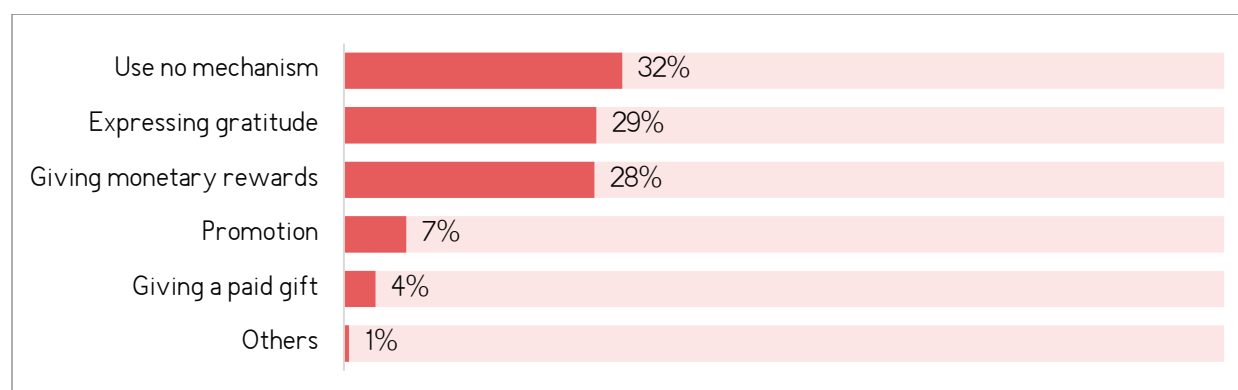
Based on the measures taken by employers to increase employee motivation, the breakdown by enterprise size is as follows: **in the case of small enterprises**: "I do not use any mechanism" - 34%, "Expressing gratitude" - 29%, "Giving monetary rewards" - 28%, "Promotion" - 6%, "Giving a paid gift" - 3%. **In the case of medium-sized enterprises**: "Giving monetary rewards" - 37%, "Expressing gratitude" - 27%, "Promotion" - 20%, "Giving a paid gift" - 6%, "I do not use any mechanism" - 9%. **In the case of large enterprises:** "Giving monetary rewards" - 33%, "Expressing gratitude" - 28%, "Promotion" - 26%, "Giving a paid gift" - 9%, "I do not use any mechanism" - 3%.

The study also examined whether enterprises have a strategy/guideline in the direction of employee training. According to the survey, 21% of businesses have an employee training strategy/guideline. The sectors with the highest share of enterprises with a strategy are the energy sector (50%), followed by education (40%), professional, scientific, and technical activities (36%), financial and insurance activities (36%), and information and communications (34%).

The breakdown of enterprises with a strategy/guideline for employee training by size is as follows: 65% of large enterprises have a strategy, followed by 47% of medium-sized enterprises and 19% of small enterprises.

Diagram 48 Do companies have a strategy/guideline for employee training?
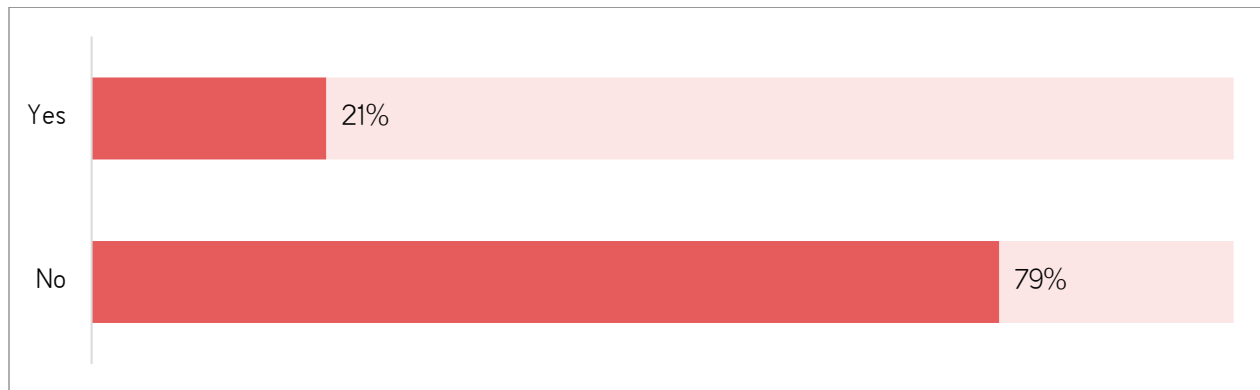
According to the results of the survey, **45%** of enterprises have information about the state programme of the State Employment Support Agency.

Diagram 49 Do they have information about the state programme of the State Employment Support Agency"?
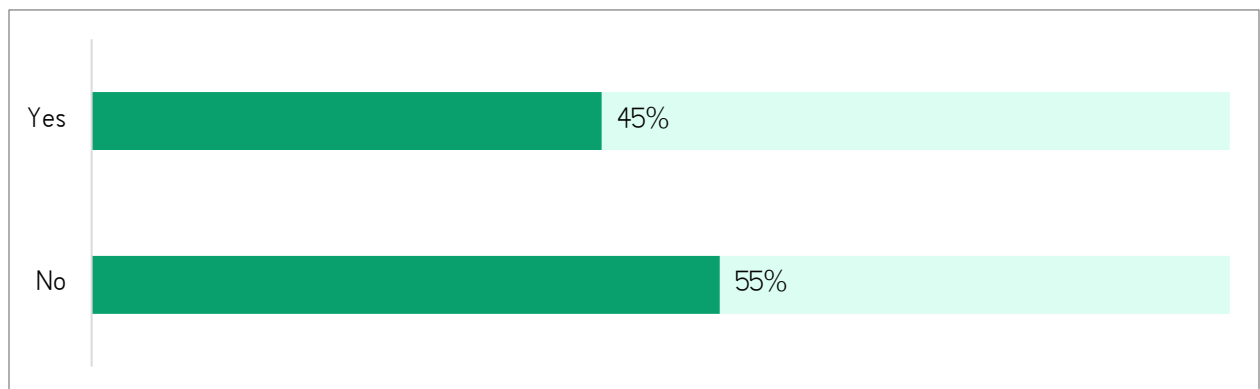
The State Employment Support Agency's program is most widely known by large enterprises (66%), followed by medium-sized (54%) and small enterprises (44%). As for the regions, 46% of enterprises in Tbilisi have information about the state programme of the the State Employment Support Agency and 43% of enterprises in other regions.

Section 6 — Vocational education

The survey studied the employment of persons with vocational education, the attitude of employers towards vocational training, and the forms of their cooperation with vocational educational institutions (such as on-the-job training, organization of work experience for students, and participation in the development of occupational standards).

According to the study, **33% of surveyed enterprises** (16,198 enterprises) **employ persons with vocational education** (111,596 people).

The survey revealed that the need for education varies among enterprises. Specifically, higher education was determined as necessary in 32% of enterprises, vocational education in 30% of enterprises, complete general education in 29% of enterprises, and non-formal education in 8% of enterprises.

Diagram 50 Achieved level of education required for employment at an enterprise
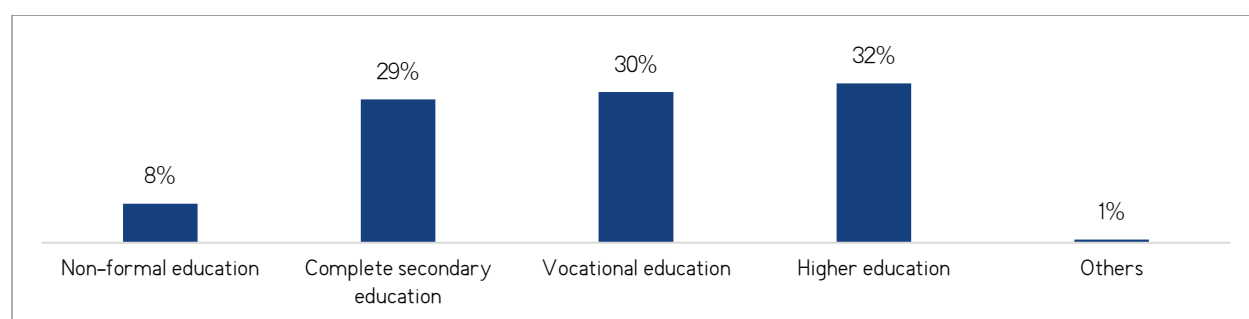
The sector with the highest share of **non-formal education needs** is agriculture (23%), followed by mining industry (16%), manufacturing (13%), hotels/restaurants (12%), and administrative and support service activities (10%). In the case of **complete general education,** the sector with the largest share of **the need for complete general education** is the trade sector (40%), followed by the hotel/restaurant sector (38%). The share of **the need for vocational education** is highest in the sector of other types of services (63%), followed by energy (48%). The share of **the need for higher education** is highest in the health sector (80%), followed by professional, scientific and technical activities (78%) and education (75%).

The proportion of enterprises employing persons with vocational education (16,198 enterprises) by enterprise size shows that 56% of large enterprises (308 enterprises out of 546 large enterprises in total), as well as 45% of medium-sized enterprises and 32% small businesses have employed persons with vocational education in the corresponding positions.

Diagram 51 Distribution of enterprises employing persons with vocational education, by enterprise size (%)
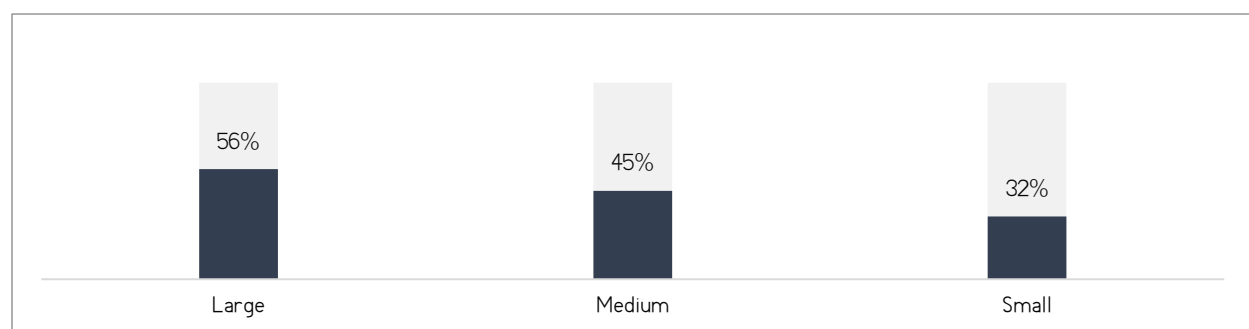
Among the enterprises in which people with vocational education are employed, energy sector (58%) is distinguished by a high share of such enterprises, followed by other types of services (57%), healthcare (49%), hotels/restaurants (43%), mining industry (42%) and processing industry (38%).

Diagram 52 Distribution of enterprises employing persons with vocational education, by sectors [15]
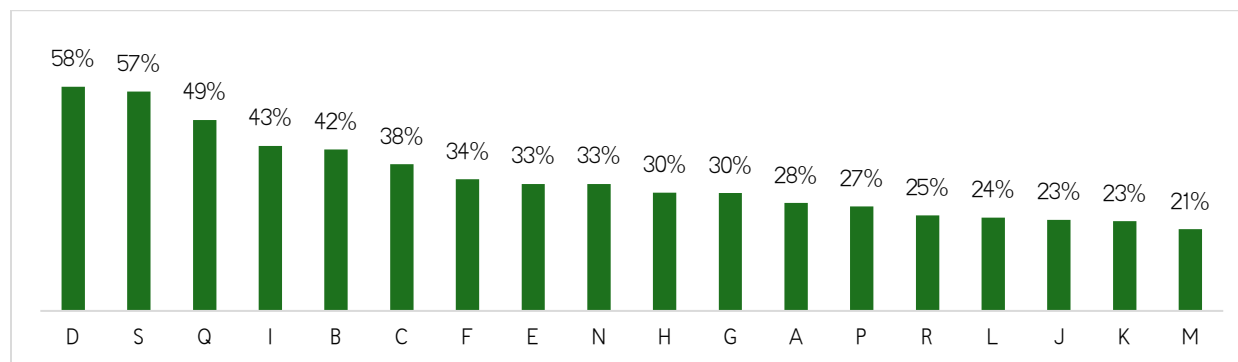
In 2022, the number of persons with vocational education employed in the relevant positions amounted to **111,596** people, of which 38% (42,046 people) are employed at large enterprises, 17% (18,566 people) at medium-sized ones, 46% (50,984 people) at small enterprises. Their regional distribution shows that 61% account for Tbilisi, and 39% - for other regions.

Diagram 53 Distribution of employees with vocational education by enterprise size, regions, sectors

According to the study, the distribution of persons with vocational education employed in the relevant positions by sectors shows that the most distinguished sector is retail and wholesale trade (23%), followed by manufacturing (13%), health and social activities (13%) and construction (12%).

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[15] Abbreviations of sectors

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The number of people employed in corresponding (similar) positions without vocational education is recorded at 10% of enterprises (4933 enterprises), amounting to 34346 people.

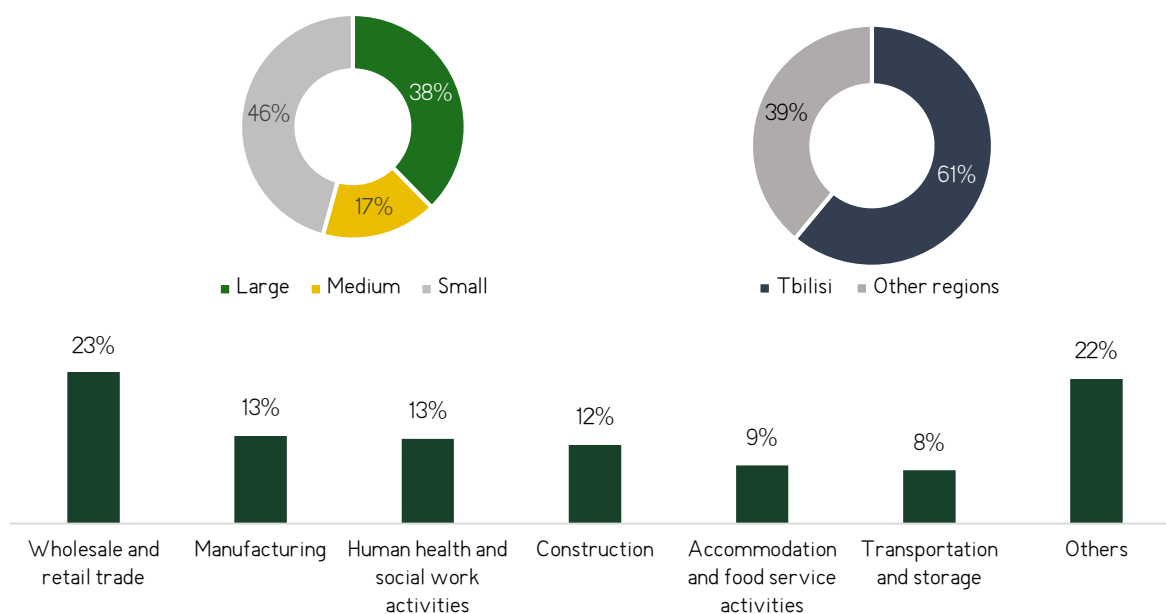According to the distribution of enterprises employing persons without vocational education (4933 enterprises) by size, 25% of large enterprises (138 out of 546), 18% of medium-sized enterprises, and 9% of small enterprises have employed people without vocational education in the corresponding positions.

The sectors with the highest proportion of such enterprises are the hotel and restaurant sector at 17%, followed by administrative and support service activities at 15%, the financial and insurance sector at 13%, water supply, sewerage, waste management, and decontamination activities at 13%, and the processing industry at 13%. The remaining sectors include agriculture, forestry, and fisheries at 11%, health and social services at 10%, construction at 9%, wholesale and retail trade, motor vehicle and bicycle repair at 9%, information and communications at 9%, and electricity, gas, steam, and air conditioning supply at 9%.

The number of employees of this type, including those without vocational education, is **34,346 people**, of which 40% (13,586 people) are employed at large enterprises, 21% at medium enterprises (7,077 people), and 40% at small enterprises (13 683 people).

By types of economic activities, these employees are distributed as follows: trade - 34%, processing industry - 21%, hotels/restaurants - 11%, and construction - 8%.

Diagram 54 Distribution of employees without vocational education by size of enterprises, regions, sectors
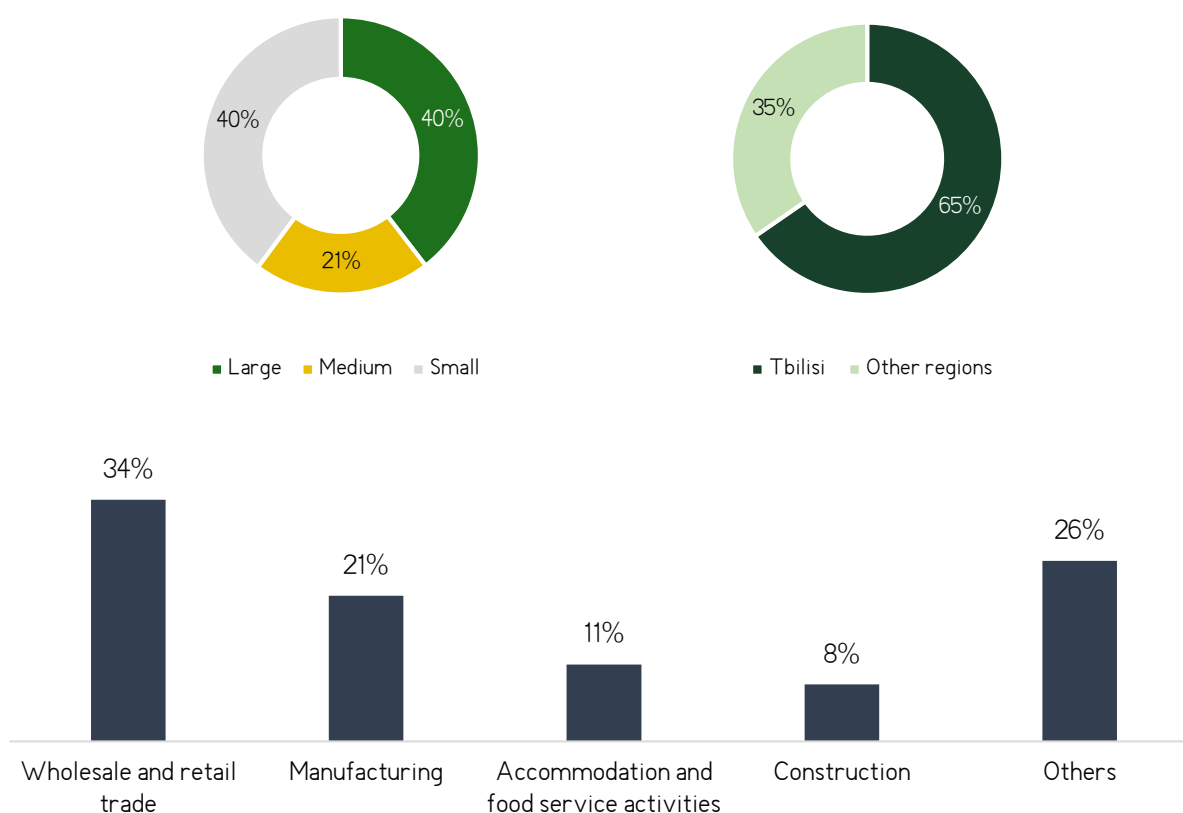
Within the survey, the employers requested to rate employees on a scale of 1 to 5 scores by the following criteria (where "5" means "completely satisfactory" and "1" means "completely unsatisfactory"). In addition, as part of the survey, employers separately assessed employees with vocational education and without vocational education working in a similar position. According to the study, 65% of workers with vocational education received a score of 5 points, 25% - 4 points, 7% - 3 points, 3% - 2 points, 1% - 1 point.

Diagram 55 Assessment of employees with vocational education
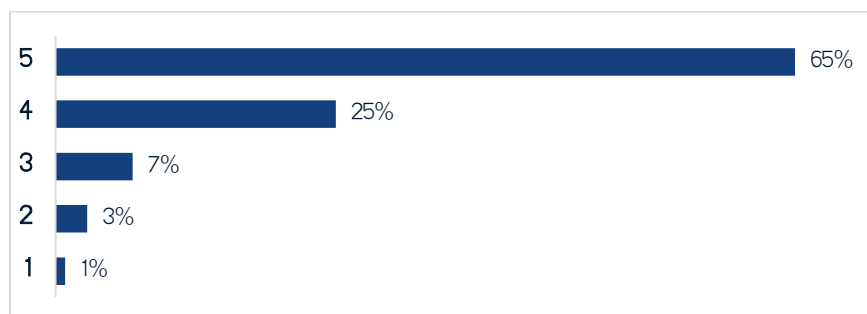
At the same time, 53% of workers without vocational education received a score of 5 points, 29% - 4 points, 16% - 3 points, 2% - 2 points, and 0.3% - 1 point.

*Diagram 56 Assessment of employees without vocational education*
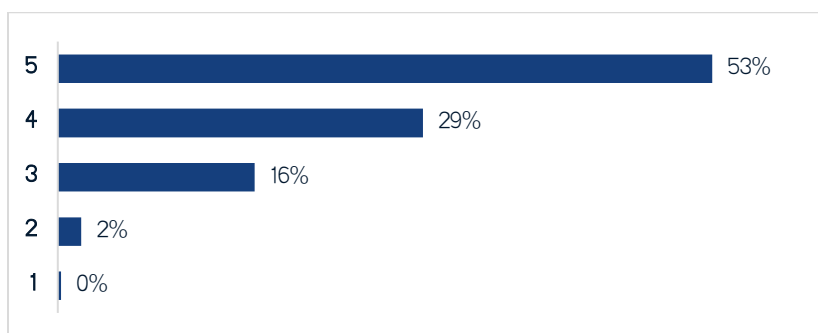
Another task of the survey is to study the cooperation of enterprises and vocational education schools, both in quantitative terms and in terms of the types of cooperation.

It is particularly worth mentioning that **only 3% of enterprises** (1232 enterprises) **cooperate with vocational education schools**. 69% of them are small enterprises (849 enterprises, accounting for 2% of operating enterprises), 19% - medium-sized enterprises (235 enterprises, accounting for 11% of operating medium-sized enterprises), and 12% - large enterprises (148 enterprises, accounting for 27% of all operating large enterprises).

Regarding the forms of cooperation with vocational education schools (offering internships to students, participation in the development of professional standards, and participation in on-the-job training), student internships are the most popular option among enterprises (50%), followed by almost equal proportions of participation in the development of professional standards (22%) and on-the-job training (25%).
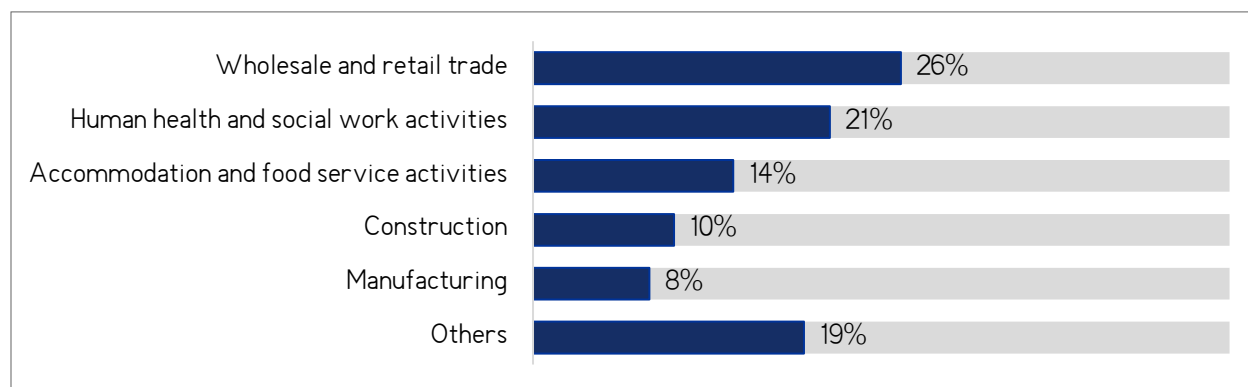
Diagram 57 Types of cooperation with vocational educational institutions

Offering student internships — 50%

Participation in the development of professional standards — 22%

Participation in on–the–job training — 25%

Other — 3%
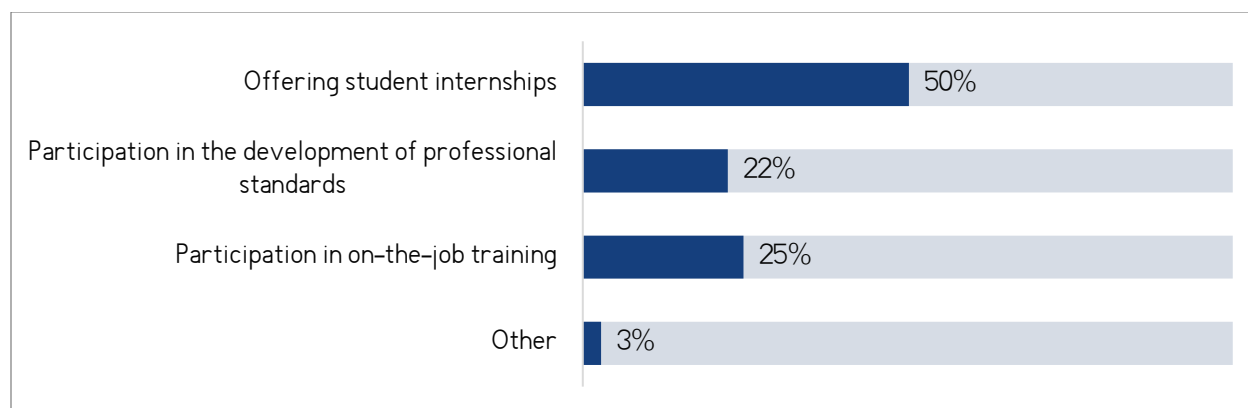
More than half (55%, 676 enterprises) of the **1,232 enterprises** cooperating with vocational education schools, employed **5,427** people as a result of cooperation.
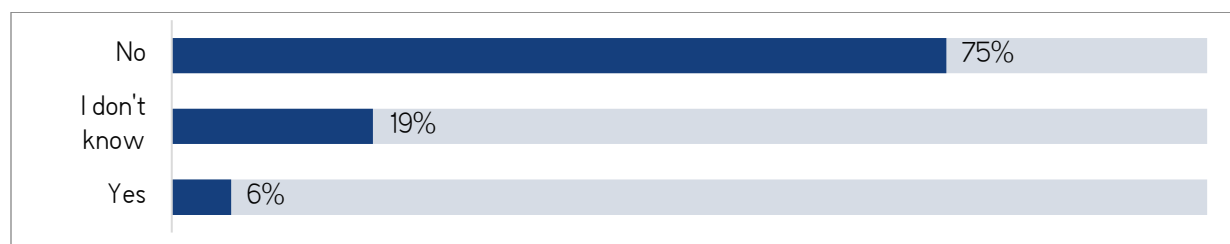
Within the cooperation with vocational education schools, the following sectors are distinguished with a high share of employment: retail and wholesale trade (26%, 1,433 people), health care and social services (21%, 1,157 people), hotels / restaurants (14%, 780 people), construction (10%, 549 people), manufacturing (8%, 453 people). The employment rate in other sectors as a whole is 19%, which corresponds to 1,055 employees.

Diagram 58 Distribution of employees within the framework of cooperation with vocational institutions by type of economic activities

Wholesale and retail trade — 26%

Human health and social work activities — 21%

Accommodation and food service activities — 14%

Construction — 10%

Manufacturing — 8%

Others — 19%

The majority of enterprises (75%) believe that employees with vocational education do not need retraining. A small part (6%) believes that retraining is still relevant, and about a fifth (19%) do not have an answer to this question.

Diagram 59 The need for retraining of employees as a result of cooperation with vocational educational institutions

No — 75%

I don't know — 19%

Yes — 6%

It is noteworthy that only 3% of the surveyed enterprises reported cooperating with vocational education institutions, despite 8% of enterprises expressing their interest in cooperating with vocational education institutions in the future. Of these, 5% expressed willingness and 2% expressed a need for cooperation. Meanwhile, 53% of enterprises indicated no desire, willingness, or need for cooperation, and 32% responded with "I don't know/difficult to answer.

Diagram 60 Future cooperation with vocational educational institutions
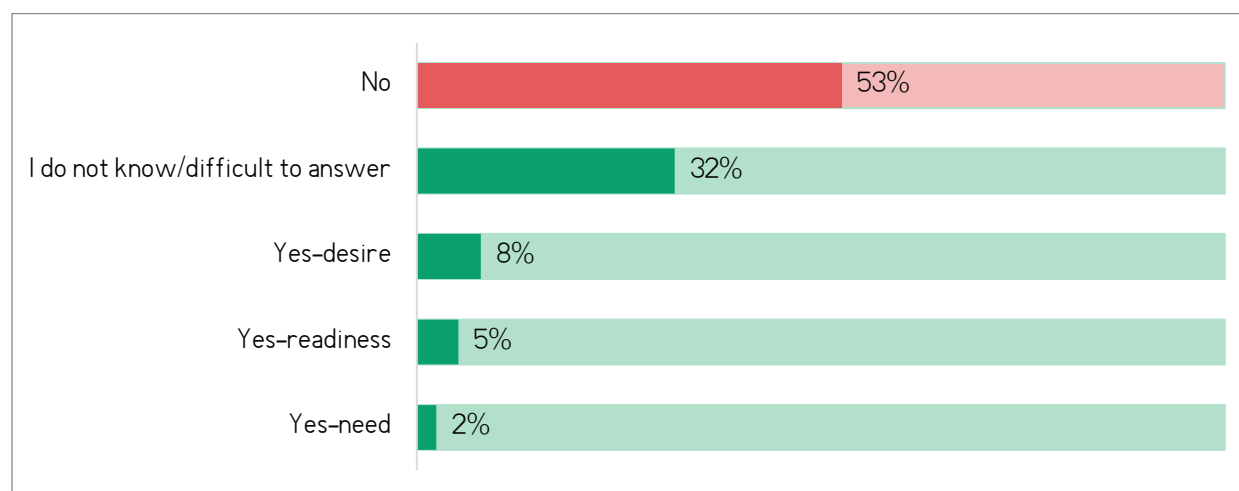
The forms of cooperation (need/willingness/desire) with vocational education institutions were distributed as follows: offering students an internship (41%), participation in on-the-job training (34%), participation in the development of professional standards (24%), and other forms (1%).

Diagram 61 Preferred types of future cooperation
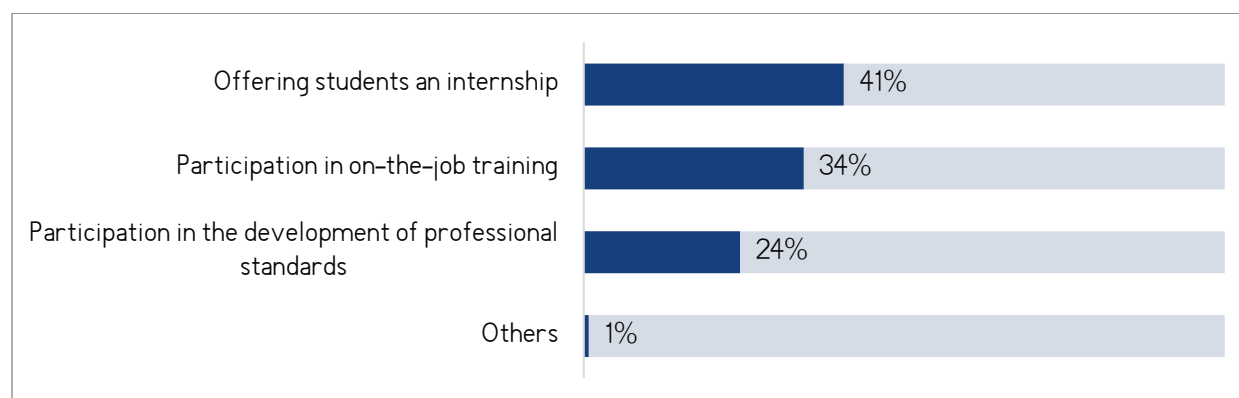
Regarding the knowledge acquired by enterprises in a vocational educational institution, the survey revealed that **20% of enterprises fully trust** the knowledge acquired in a vocational educational institution, and **almost half (47%) trust** it to a greater or lesser extent. At the same time, it is noteworthy that **30%** of the respondents said that **it was difficult to answer**.

At the same time, 28% of respondents assess the level of vocational schools as positive, 37% - as average, 3% - as negative, and 31% of respondents said they found it difficult to answer.

Diagram 62 Assessment of the reliability of vocational educational institutions
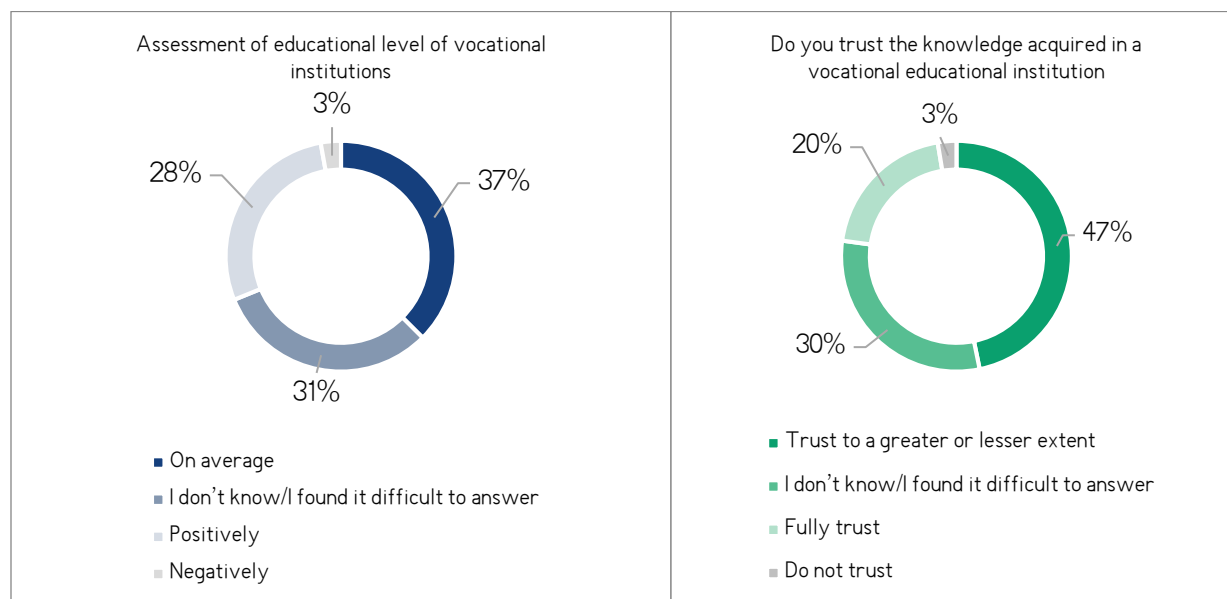
42% of enterprises consider **state investment in vocational education a priority**, 26% - in higher education, 16% - in secondary education, and 15% answered "I don't know".

Diagram 63 Where may investments be a priority for the country
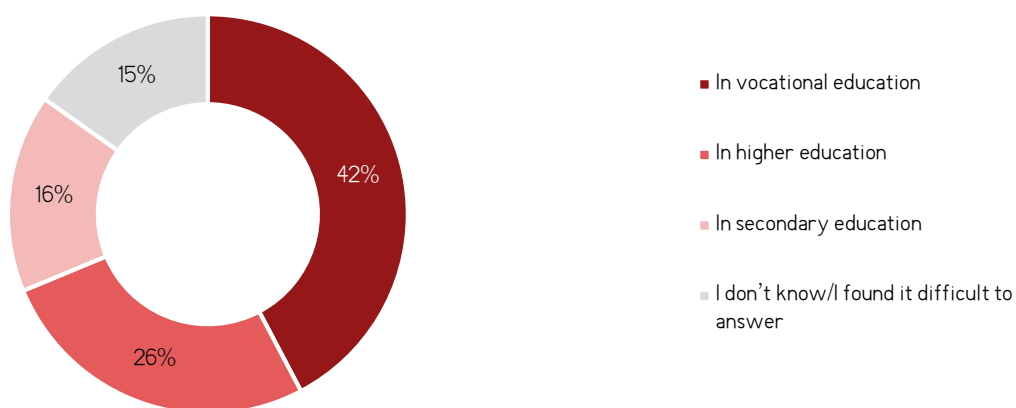
Section 7 — Employed foreign nationals

Another task of the survey is to study for and analyse information about the employment of foreign nationals in enterprises. The study examines the employment of foreign nationals in various aspects, including by size of enterprises, regions, types of economic activities and occupational groups, as well as the reasons for their employment.

According to the survey results, as of 1 September 2022, **8%** of enterprises (3,884 enterprises) employ **17,851** foreign nationals, which is **2% of the total number of employees**. It is significant that, compared with the corresponding period of 2021, **the employment of foreign citizens increased by 78%.**

Foreign nationals are mainly employed in small enterprises (83% of small enterprises), although they are also found in medium-sized (11%) and large (6%) enterprises. By regions, the majority of enterprises employing foreign nationals -74% is located in Tbilisi, and 26% - in other regions.

Regardingthe distribution of enterprises by type of economic activities, 22% of these enterprises account for the sector of retail and wholesale trade, 14% - for hotels and restaurants, 11% - for transportation and storage, 9% - for construction, 8% - for processing industry. The total share of other sectors is 37%.

45% of employed foreign nationals (**17,851** people) are employed in large enterprises, 14% in medium-sized enterprises and 41% in small enterprises.

Diagram 64 Employed foreign citizens by enterprise size, regions, sectors

■ Large ■ Medium ▪ Small   ■ Tbilisi ■ Other regions
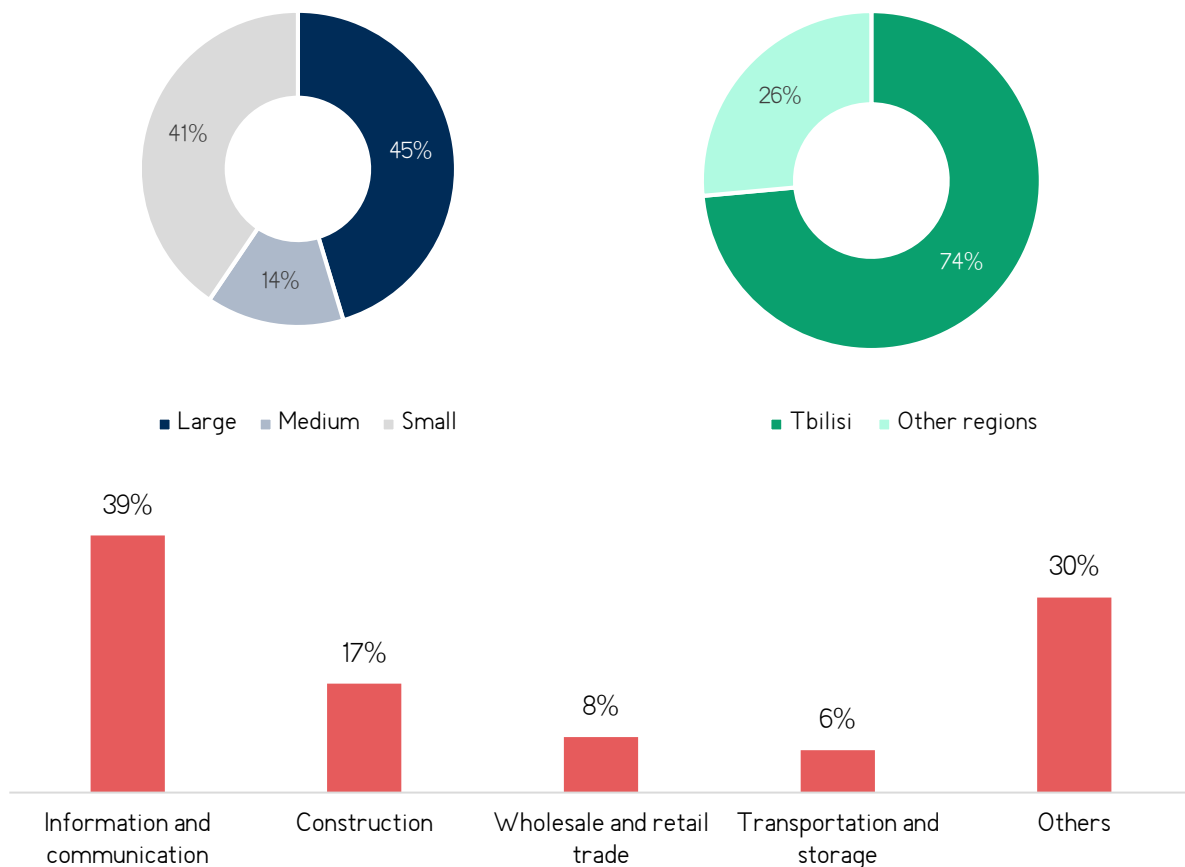
The distribution of employed foreign nationals by type of economic activities shows that the largest share falls on the sector of information and communications - 39% (the number of people employed in the ICT sector increased 10 times compared to the previous year). The share of other sectors looks like this: construction - 17%, trade - 8%, transportation/storage and hotels/restaurants - 6% each.

The distribution of employees by major occupational groups is as follows: professionals - 34%, managers - 33%, craft and related trades workers - 11%, plant and machine operators and assemblers - 5%, persons employed in the services and sales activities - 5%, technicians and associate professionals - 4%, clerical support workers - 4%, elementary workers - 3%.

Diagram 65 Employed foreign citizens by major vocational groups

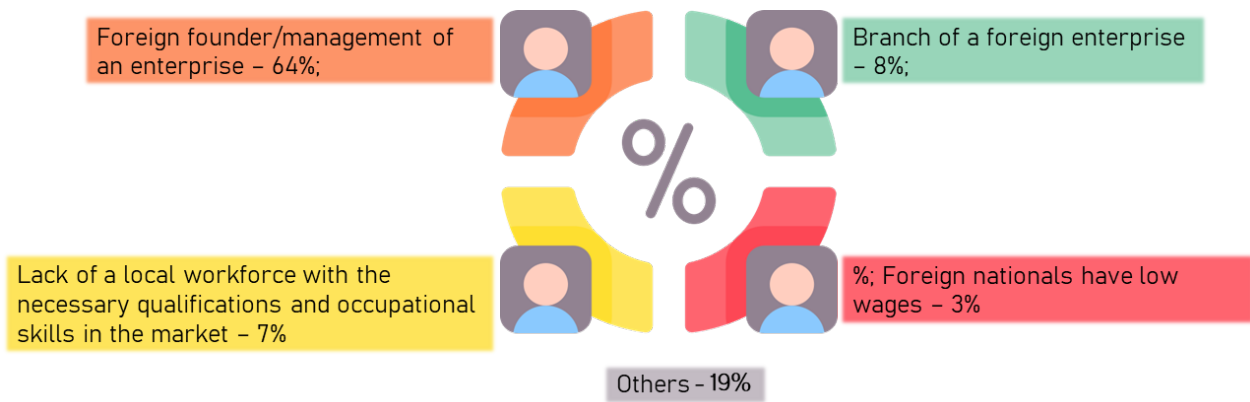Among the elementary occupational groups, the growth of groups related to the field of information and technology is noticeable, namely: Software Developers - 3,373 employees (+2141% compared to the previous year), ICT Service Managers - 1,400 employees (+4167%), ICT Sales Professionals - 1,226 employees (+970%). The full image looks like this:

Diagram 66 Employed foreign citizens by elementary vocational groups
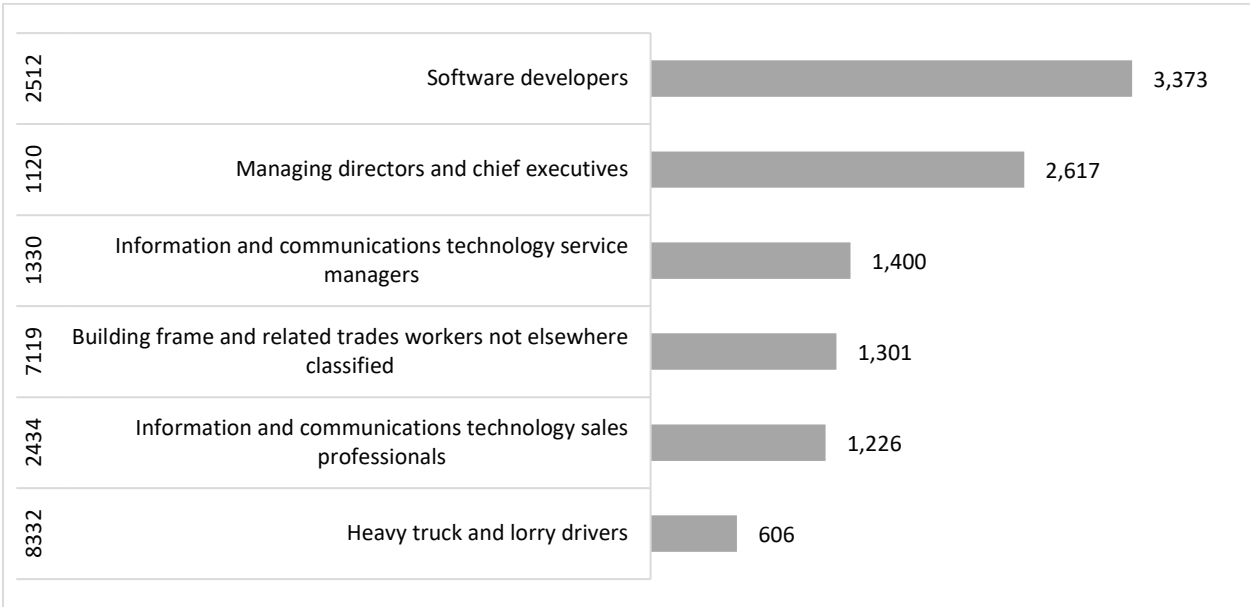
The main reason for hiring foreign nationals was the foreign founder/head of an enterprise (64%), and in the case of 8% - the foreign origin of an enterprise. In addition, according to 7% of respondents, the main reason for the employment of foreign nationals is the lack of a labour force with the necessary qualifications and occupational skills in the local market, and according to 3% - low wages.

Diagram 67 The main reasons for the employment of foreign citizens

Foreign founder/management of an enterprise – 64%;

Branch of a foreign enterprise – 8%;

Lack of a local workforce with the necessary qualifications and occupational skills in the market – 7%

%; Foreign nationals have low wages – 3%

Others – 19%

According to the results of a survey of enterprises, those that cited the lack of necessary qualifications in the local market as the reason for hiring foreign nationals, have identified such occupational groups: Professionals (32%), Service and Sales Workers (24%), Managers (14 %), Craft and Related Trades Workers (14%), Technicians and Associate Professionals (8%), Clerical Support Workers (3%), Plant and Machine Operators and Assemblers (3%) and Elementary Occupations (1%).

According to the elementary occupational groups, Beauticians and Related Workers (21%), Product and Garment Designers (6%), Business Services and Administration Managers (6%), Stonemasons, Stone Cutters, Splitters and Carvers (5%) and Software Developers (5%), 4% were named.

Diagram 68 Employed foreign citizens (lack of skilled labour in the local market)

Managers	14%
Professional	32%
Technicians and associate professionals	8%
Clerical support workers	3%
Service and sales workers	24%
Skilled agricultural, forestry and fishery workers	0%
Craft and related trades workers	14%
Plant and machine operators, and assemblers	3%
Elementary occupations	1%
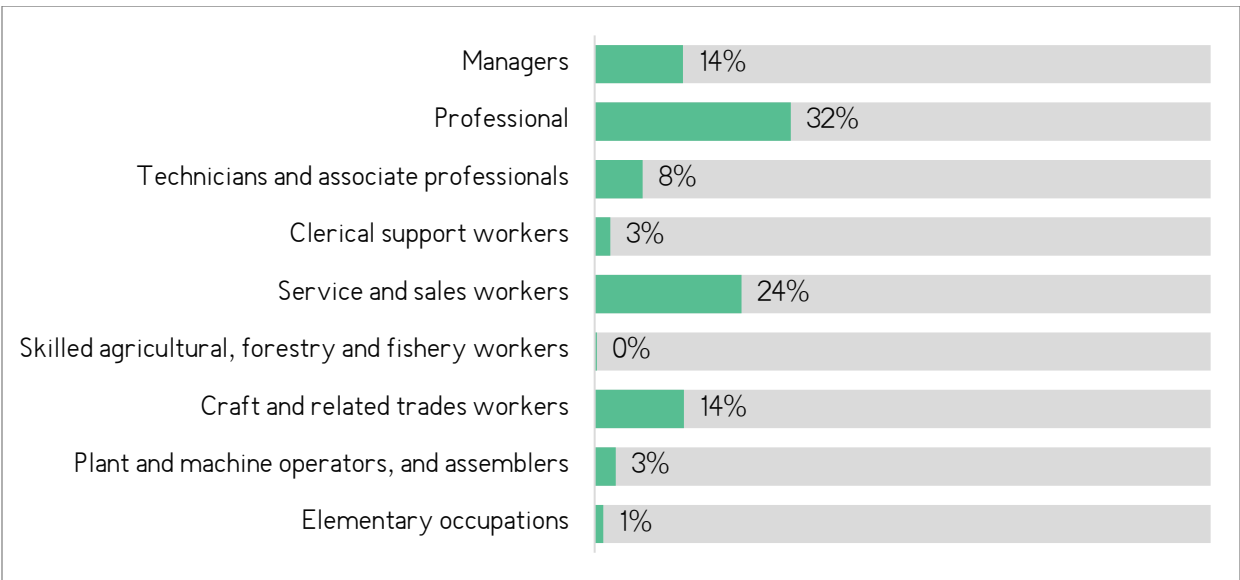
Section 8 — First job-seekers

According to the results of the survey, as of 1 September **2022, 22,415** first job-seekers were employed in 5% of enterprises (2,449 enterprises) over the past year.

Especially large (62%, 13,982 employees) and small (22%, 4,828 employees) enterprises stand out in terms of the level of employment of first job-seekers. As for medium-sized enterprises, the share of the first job-seekers employed by them is 16% (3604 employees).

The trade - 41%, the hotel/restaurant - 15% and the manufacturing - 12% stand out in terms of the level of employment of the first job-seekers.

The level of employment of first job-seekers according to the achieved level of education was distributed as follows: with higher education - 43%, 9627 employed, with secondary education - 40%, 9906 employed and with vocational education - 17%, 3882 employed.

Diagram 69 First job-seekers by achieved level of education

First job-seekers with higher education – **43%**

First job-seekers with secondary education – **40%**

First job-seekers with vocational education – **17%**

As for the assessment of the employed first job-seekers by employers, according to the study:

- ✓ Employers evaluate employees with secondary education: very good - 16%, good - 37%, average - 43%, bad - 3%, very bad - 1%;
- ✓ Employers evaluate employees with vocational education: very good - 12%, good - 34%, average - 53%, bad - 1%, very bad - 0%;
- ✓ Employers evaluate employees with higher education: very good - 22%, good - 48%, average - 29%, bad - 2%, very bad - 0%.

Section 9 — Use of modern technologies

One of the objectives of the survey is to study the extent to which companies use modern technologies and what is their attitude towards the introduction of new technologies in the near future. The use and adoption of technologies, in turn, indicates the development of the sector, competitiveness and a possible increase in demand for a highly skilled workforce.
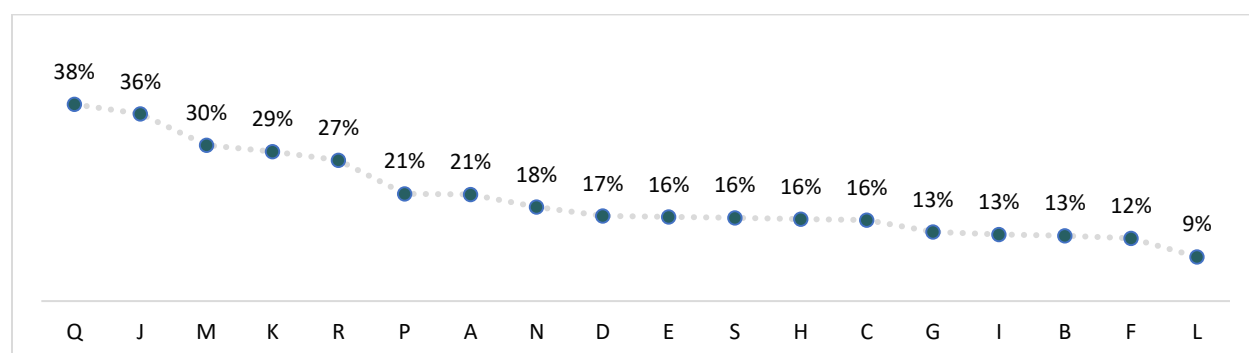
According to the results of the study, **17%** of enterprises **(8,276 enterprises)** use modern technologies. **The share of enterprises**[16] using modern technologies is highest among large enterprises (35%), followed by medium-sized enterprises (26%) and small enterprises (16%).

Diagram 70 Share of enterprises using modern technologies, by enterprise size
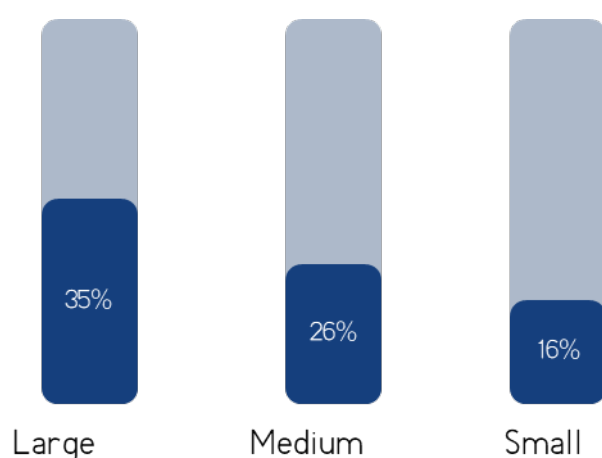
The share of enterprises using modern technologies by types of economic activities is highest in the sector of healthcare and social activities - 38%, information and communications - 36%, professional, scientific and technical activities - 30%, financial and insurance activities - 29%, art, entertainment and recreation - 27%.

*Diagram 71 Share of enterprises using modern technologies, by type of economic activities [17]*

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[16] Number of enterprises using modern technologies / number of enterprises

[17] Abbreviations of sectors

According to the results of the survey, **4%** of enterprises (**1807 enterprises**) plan to invest in modern technologies in the future. The share of enterprises intending to invest in technologies in the future is highest among large enterprises (19%), followed by medium-sized enterprises (9%) and small enterprises (3%).

The share of enterprises intending to invest in technologies in the future shows the following picture by sectors: the highest in the sector of information and communications - 12%, followed by arts, entertainment and recreation - 11%, professional, scientific and technical activities - (10%). The sector of real estate activities (2%) is the lowest, followed by transportation and storage (1%) and trade sectors (1%).

Diagram 72 Share of enterprises intending to invest in the future, by type of economic activities
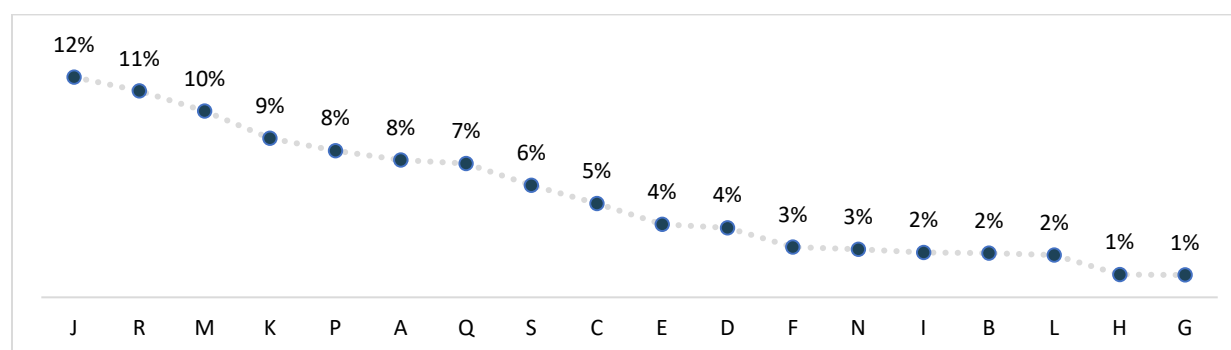
Nearly a fifth (22%) of enterprises have stated they plan to invest in modern technologies, predicting an increase in demand for the following occupational groups: Physical and Engineering Science Technicians, Healthcare Professionals, Information and Communication Technology Professionals, Physical and Engineering Science Support Technicians, Information and Communication Technology Technicians, Electrical and Electronic Equipment Assemblers.

A small proportion of enterprises (2%) anticipates a decrease in demand for the following occupational groups as a result of investing in modern technologies: Accounts Clerks, Packing Machine Operators, Shop Sales Assistants, Installation Technicians and Production Workers.

Based on the results of the survey, the following areas of investment in modern technologies were identified: the development of artificial intelligence (for example: Big data processing, AI/ML, Cloud computing), the development of cloud infrastructure (Amazon cloud services, Office 365, Microsoft Azure: Cloud Computing Services), modern business process management systems such as CRM (Customer Relations Management) and ERP (Enterprise Resource Planning), numerical control systems (NC systems), modern accounting systems, modern navigation systems, medical devices (APLIO 400, BEEFILL 2 IN 1, BMS technologies, cobas 111) and medical cloud infrastructure (Anatomage).