

# Problems of Youth Employment in Agricultural Sector of Georgia and Causes of Migration

E. Kharaisvili, M. Chavleishvili, M. Lobzhanidze, N. Damenia, N. Sagareishvili

**Abstract**—The article substantiates that youth employment in Georgia, especially in the agricultural sector, is an acute socio-economic problem. The paper analyzes the indicators of youth employment and unemployment rates by age and gender in the agriculture sector. Research revealed that over the past decade, the unemployment rate in rural areas has decreased; however, the problem of unemployment is more sensitive than in the city in this field. The article established youth unemployment rates in rural areas; it assesses labor and educational migration causes. Based on the survey, there are proposed findings and recommendations of the agricultural sector about improving youth employment, reducing unemployment rate, reaching migration processes optimization.

**Keywords**—Agricultural education, the agricultural sector, unemployment rate, youth employment, youth migration.

## I. INTRODUCTION

**E**MPLOYMENT is an acute socio-economic problem in Georgia. According to the National Democratic Institute (NDI) survey, unemployment and poverty are important national issues for the country as 63% of the population consider themselves to be unemployed [1]. After the global financial crisis, the growth of youth unemployment was observed in almost all the countries. According to the International Labor Organization, Georgia is among the countries where the youth unemployment rate is highest. In 2015, the unemployment rate in the country reached on average 26.3% in the age group of 15-29 years. This rate is the highest for the age group of 20-24 years (32.0%). The unemployment rate is traditionally the lowest in the age group of 65+, as this is pension age and large part of the population is unemployed, they do not seek for jobs, and therefore, belong to the category of inactive population [2].

The agricultural sector is declared as a priority sphere by the Government of Georgia [3]. It should be noted that the

productivity in this sector is quite low. The contribution of agriculture in the country's GDP is 9.2%, while almost half of the population lives in rural areas [4].

Youth employment is of special importance for Georgia as they are distinguished from other social and demographic groups with their health, level of education, professional training, mobility, ability to use modern technologies, high requirements for work, etc. The efficient use of working potential of young people will enable additional increase in economic wealth, and therefore, improvement of welfare of the population.

When studying any aspects of the youth employment, it is necessary to consider the interaction of economic, social and demographic characteristics, as well as state regulation policy of education and vocational training.

One of the factors determining the growth of unemployment among young people is a long process of looking for jobs, since the requirements of middle (20-24 years old) and elder (25-29 years old) age groups of the young people are quite high compared with the requirements of younger (under 20 years old) age groups.

A significant number of young people are busy with learning. Wrong professional orientation, which is mainly reflected in the interest in getting higher education, significantly complicates their employment. Over the past decade, only the graduates of higher education institutions have been presented on the labor market. The vocational education system in the country is on relatively low level of development.

The usage of new knowledge and modern technologies in production processes is critical for achieving sustainable development. Today, sustainable development of agricultural sector is the precondition for the country's economic security and food independence [5]. Increasing the share of young people in total employment is an effective way to achieve this purpose, as the young people have better education in modern technologies and better skills to quickly adapt to the environmental changes.

Based on the above arguments, it is especially important to identify the factors that hinder youth employment in the agricultural sector in Georgia, determine the stimulus for employment and develop conclusions and recommendations on stimulating employment based on identification of the causes of migration processes.

## II. METHODOLOGY

The following research methods are applied in the presented paper: statistical (selection, grouping, observation, trend, etc.)

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and qualitative research (in-depth interview), as well as analysis, induction and comparison methods. The article presents the data by the National Statistics Office of Georgia and the Ministry of Agriculture of Georgia, policy documents of the Parliament of Georgia, scientific papers by Georgian and foreign scientists, analytical reports, publications and EU research materials on similar issues.

### III. DISCUSSION

According to data of January 1, 2016, the population of Georgia is 3.7 million people, including 47.8% male and 52.2% female, with 57.2% of the population living in urban areas and 42.8% in rural areas [6]. "Development of demographic processes oriented on economic development, in turn, affects the economy. This impact takes place through quantitative and qualitative changes of labor potential" [7].

The distribution of the population of Georgia by age groups and sex shows that the number of men including the age group of 25-29 years is 7.7% higher than the number of women, while the number of women in the higher age group is 17.4% higher than men [8]. A third of the population in developing countries is youth. Approximately 25% of the total number of the Georgian population is 15-29 years old, and the share of young people between 15-35 years old is more than 30%, which is one third of the population.

According to Okun's law, when unemployment goes up by 1%, GDP drops almost by 2% [9]. In addition, the government loses revenues by cutting the number of tax payers. The cost of the increase in unemployment is even higher in some developed and developing countries, which pay compensation for the unemployed. In the case of Georgia, the unemployment burden is carried only by the unemployed, their income decreases and their skills become outdated. In addition, foreign direct investments do not have wide scale impact on employment, which is mainly caused by structural unemployment.

The reforms being implemented in agricultural sector of Georgia are oriented on structural and technological changes. According to the national economic doctrines, development of agriculture will, in turn, contribute to the development of the entire Georgian economy [10].

According to the outcomes of the survey conducted by the International Transparency Georgia, 51% of the population of Georgia thinks that development of agriculture is the basic factor for the advancement of the country's economy and 17% of the population most of all wants to be employed in the agriculture sector [11]. Due to their psychophysiological characteristics (dynamism; flexibility; energy; striving for innovation, perfection and self-assertion; etc.), increasing the rate of youth employment in total employment ensures the efficient use of resources and receiving substantial return with minimal costs in the short term, which ultimately will become the basis for sustainable development of agriculture [12].

According to data of 2016, unemployment rates in urban (21.1%) and rural (5.0%) areas are quite different [13]. In fact, in terms of employment special problems are presented in agricultural sector as high level of employment in this sector is

achieved at the expense of self-employed people as 83% of the people employed in agriculture are considered to be self-employed. Under the current legislation, all citizens who live in rural areas and sometimes work on their own, even small plots of land, belong to the category of the "employed".

Of the farms in the agricultural sector of Georgia, 80-85% is small farms. This makes the working process and unemployment problem in rural areas even more difficult than in urban areas. Problems in rural areas, in turn, lead to the strengthening of the migration processes. In addition, other important trends have also been observed. Currently, most of the population of Georgia (30%) lives in Tbilisi, the capital city of Georgia [14]. However, in recent years, the number of people remaining outside the workforce (those who are no longer looking for a job) has also increased. Part of them has moved to rural areas, unemployment in this area has reduced.

Based on the above factors, half of the population, who are considered to be employed in the country, creates very small product. Hence, human resources in the country are ineffectively used. Unemployment will continue to be the main challenge for the country until the share of the self-employed in the agricultural sector significantly decreases. In terms of such structures of production and employment, it is quite difficult to ensure sustainable development principles of agricultural sector.

The highest level of unemployment in the agricultural sector of Georgia is among young people (see Fig. 1) [15].

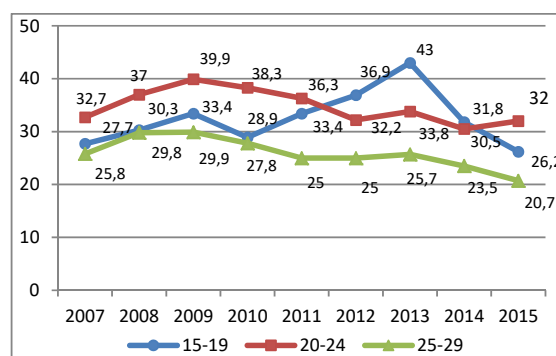


Fig. 1 Youth unemployment rate by age groups and years (%)

In 2015, unemployment rate in Georgia was 12% and poverty rate amounted to 20.1%. Unemployment rate in rural areas is 12% higher than in urban areas [16]. 23.5% of the young people in Georgia were below 60% of average consumption, while 10.4% were below 40% of average consumption. Data analysis showed that comparative poverty level is higher in the households, which have young people belonging to the age group of 15-29 years.

Implementation of the reforms requires identification of economically active youth in the labor market and determining ways for employing them. It should be taken into consideration that in many cases, young people successfully manage to combine learning and working.

Most of the young people are economically active. According to the data of 2015, there are 2,021,500

economically active people in Georgia. The distribution of economically active people by age groups is as follows: 15-19 years old – 37,200 people (1.8%); 20-24 years old – 140,100 people (7.0%); 25-29 years old – 191,400 people (9.5%) [17].

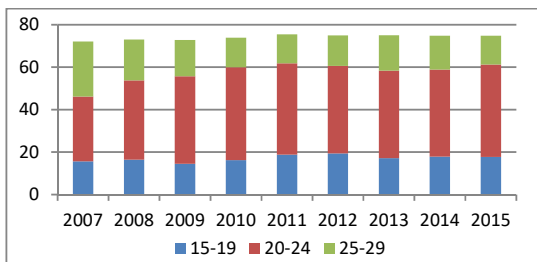


Fig. 2 Distribution of the population at the age of 15 and above by economic activities according to the age groups, 2007-2015 (%)

On the one hand, high economic activity is determined by the wish of the young people to satisfy their interests, have their own income and social and economic status in society. On the other hand, economic activity of these people and participation on the labor market seems to be natural, as the level of income in Georgia is quite low and families cannot afford to cover the education and other costs of their children.

Analysis of the level of employment by age groups showed that in 2015 the employment rate compared to 2007 increased by 1.8% in the age group of 15-19 years, by 10.5% in the age group of 20-24 years and by 5.8% in the age group of 25-29 years (see Fig. 3) [17].

The study of the data showed that young people strive to find a job in the private sector. In the public sector, they prefer jobs which are well-paid and provide good career opportunities. In addition, young people consider that support from the State is one of the most important ways to solve the problem of youth employment [18].

Employment of young people in agriculture is hindered by low wages in this sector. According to data from 2015, the average nominal monthly salary of an employed was 900 GEL in Georgia, while in rural areas it was 578.2 GEL, which increased to 585.5 GEL in 2016 [19]. The low level of wages in rural areas, in turn, will have even more negative impact on the development of agriculture in the long run, as the current unemployed young in Georgia will become low-skilled workers in future and this will be negatively reflected on the productivity of the economy in general. Thus, the conducted analysis shows that youth unemployment rate on the labor market of Georgia is a problem. The employment policy of Georgia requires changes, especially in such directions as training of workers, supporting development of small enterprises and encouraging employment of young people.

Utilization of the tourism potential of Georgia is very important for employing young people in the agricultural sector in rural regions. Nowadays, there is a tendency among the young people to return to rural areas, develop their own small businesses, as well as agro-tourism and other types of tourism. Development of these areas is a guarantee of the creation of new jobs, which will reduce unemployment,

migration and emigration processes and increase employment in rural regions, and promote the development of appropriate infrastructure and create positive external effects, which is the basis for increasing public wellbeing [20].

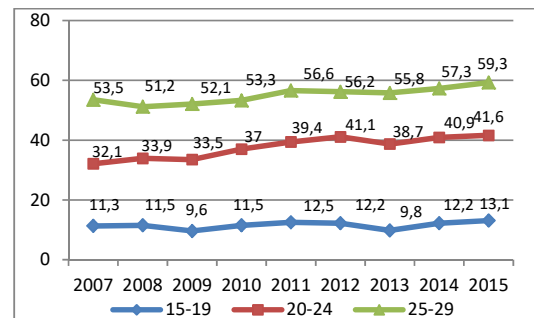


Fig. 3 Youth employment rate (%) by years and age groups

In addition to poor monetary motivation, there is also a psychological problem from the point of youth employment in rural areas. Like other very important professions for the Georgian economy (engineering, mathematics, natural sciences), agriculture is less prestigious among young people. The share of students applying for agricultural programs is less than 0.8% of total students, which is quite small compared to other professions. There is also a lack of vocational education in agriculture, which also presents a hindering factor for employment.

One of the factors, which make the choice of profession for the young people even more complicated, is that they do not have the information about the current situation and possible long term economic trends in the labor market. Therefore, making a decision is influenced by the profession of a family member or a relative or by the advice of other people.

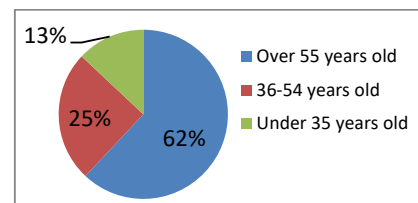


Fig. 4 The share of the young people in total number of landowners

Unregulated land ownership and underdeveloped land market can be also considered as hindering factors of youth employment in Georgian agricultural sector. According to data from 2015, the majority of landowners are over 55 years of age (see Fig. 4).

The share of the landowners at the age of 55 and over in total number of landowners is quite high (62%), while the share of the young people (below 35 years) is only 13%. Officially, land census in Georgia was conducted only in 2004. According to the Ministry of Agriculture of Georgia, by 2015 the number of landowners at the age of 55 and over increased by 6% compared to the year of 2004, while the share of the young owners reduced. As a result, the demographic

trend of landowners is a significant problem for motivating youth employment in rural areas. For elderly people land presents an opportunity to get insurance; therefore, landowners refrain from selling it. This trend significantly restricts the development of the land market.

The need for the development of land market is also determined by the fact that in Georgia land ownership is considered as a kind of guarantee to be employed and a source of additional income. The analysis showed that young people whose family members own land are more often employed than the young people, whose family members have no land. In addition, land can be a source of additional income if development-oriented initiatives (such as "social programs") are launched. Land ownership is also a prerequisite for receiving subsidies. All the mentioned factors increase the land value from the landowner's point of view; as a result, supply of the land reduces and the development of the land market is hindered.

Improper registration of land, which is sometimes connected with increased expenses, is another factor that hinders youth employment. The survey conducted by USAID experts showed that by 2016, 20% of agricultural land was registered as private property, which is about 120,000-160,000 hectares [21]. A large part of the population is supposed to have the necessary historical documentation that is considered by current legislation to be a prerequisite for obtaining property rights. However, due to the lack of the boundaries and precise coordinates in these documents, the landowner is required to measure land plots once again and register it in the public registry.

Increased expenses of registration should also be regarded to be a hindering factor for land registration. Until the end of 2011, the cost of the primary registration of agricultural land was 51 GEL. Since 2012, the registration fee has been abolished with the purpose to encourage the land registration process. However, landowners have to make new measuring plans of land plots, which is connected with quite high costs for those who have little income. Measuring of a land plot of 1 hectare costs 250-300 GEL, primary registration of non-agricultural land costs 51 GEL, which is added to the cost of the measuring plans of land plots.

Revitalization of agriculture through structural and diversified approaches is critically important for increasing youth employment in the agricultural sector of Georgia [22]. First of all, it is necessary to simplify land registration procedures and encourage landowners, especially, less active young people. The component of social assistance should not be connected with land, as a production factor. Social assistance should be provided to the population as separate programs.

It is important to encourage starting entrepreneurship activities in rural areas or transferring land plots to farmers, possibly in the form of leasing, who can use this land more effectively. From this perspective, tax on uncultivated land should be levied. Reduction of usage of land as an insurance instrument for the elderly and poor on the labor market is directly connected with the demographic structure of

landowners and functioning of the labor market. In this regard, it is necessary to develop a labor market policy that will encourage participation in the labor market and increase employment.

The reform of the pension system, which will provide at least subsistence level income and enable forecasting of future pension revenues, needs to be implemented in the agricultural sector of Georgia. In addition, some programs should be implemented to encourage the transfer of land ownership to the younger and more active members of households. Providing targeted trainings, assisting to improve access to financial resources, simplification of transfer of land to younger generations and other measures will play a significant role in accelerating this process. It will be also very important to provide young people with relevant information about the market opportunities of agricultural products. Broadening the knowledge of young landowners about the opportunities, restrictions and encouraging factors will improve the development of agriculture. Development of policy based on such priorities of the labor market will encourage youth participation in the labor market and increase the employment rate.

The labor market researchers, representatives of employment agencies and labor unions unanimously note that proper professional orientation and training of the young people in accordance with the requirements of the labor market is of critical importance. In this respect, the most adequate measure would be development of the network of agricultural vocational colleges. Although it is impossible to achieve full compliance of the professionals with higher education with constantly changing requirements of the economy, still, the education provided should ensure employment and high quality of life rural areas.

The migration processes is another challenge along with the problems of the youth employment in rural areas. The rural population in Georgia is decreasing. By 2014, the number of rural population reduced by 24% compared to 2002. Part of the population goes abroad; however, the level of internal migration is also high. Part of the rural population migrates to urban centers. One of the reasons of migration from urban areas is lack of jobs. In addition, the migration rate is much higher among men than women. The young account for a large part of the migrants. The level of migration of young people is especially high in mountainous regions of Georgia where agriculture is the only source of income. These are caused by significant economic and structural problems, such as weak diversification of economy, high level of poverty, underdeveloped infrastructure, limited access to healthcare and other public services.

Lack of the activities that create jobs in mountainous regions is one of the main reasons of the migration of young people. In 2016, negative natural growth of the population was observed in most mountainous regions. Access to education remains a problem as well. The initial stage of secondary education is provided in each village school, but the second and/or secondary levels are provided only in several villages. The average number of the young people who take Unified

National Exams is lower in mountainous regions than in the cities. In addition, students from high mountain regions face problems of funding their education in higher education institutions.

The direction and volume of migratory flows are led by economic, social and political reasons. These reasons can be divided into two groups: immigration encouraging or attracting and emigration promoting or repulsion factors. Comparative analysis of these two groups of factors showed that the repulsion factors in agricultural sector of Georgia (such as low level of income, high poverty rate, etc.) are significantly higher than attractive factors (motivation to achieve success, prestige of work, social benefits, attractive work environment, etc.). This provides stimulus for rural population, especially young people to migrate from rural areas.

When studying youth migration, it is necessary to consider the interaction of economic, social and demographic characteristics, harmonization of the state regulation policy of education and vocational training.

In order to maintain the optimal level of youth migration in rural areas and stimulate employment, it is desirable that employment promotion centers create databases of the vacancies on the labor market; it is also important to inform students about changes in demand for specialists. It is necessary to regulate the migration process of young people by improving the Law of Georgia on the development of high-mountainous regions and of employment programs for young people.

#### IV. CONCLUSIONS AND RECOMMENDATIONS

The following conclusions and recommendations have been developed based on the research:

1. Structural unemployment is dominant in the agricultural sector of Georgia and the self-employment rate is increasing. Most of self-employed people are concentrated in agriculture, which creates a high level of formal employment. In order to reduce the negative impact of unemployment on economic development, it is necessary to create real jobs and develop economic policies that encourage increasing the share of young people in the total number of the employed.
2. The level of youth employment in the agricultural sector of Georgian is low. It is necessary to implement reforms in this sector according to structural approaches. First of all, it is necessary to simplify land registration procedures and stimulate landowners, especially less active young people. The component of social assistance should not be connected with land, as a production factor. Social assistance should be provided to the population as separate programs.
3. Land market in Georgia is underdeveloped. This significantly hinders youth employment in rural areas. It is critically important to implement the programs for encouraging the transfer of land ownership to the younger and more active members of households. It is important to encourage starting entrepreneurship activities in rural

areas or transferring land plots to farmers, possibly in the form of leasing, who can use this land more effectively. From this perspective, tax on uncultivated land should be levied.

4. The demand on the labor market is incompatible with the higher and vocational training level of young people. The labor force with inadequate education provides the main source of structural unemployment. Modernization of the standards of agricultural education, development of the network of agricultural vocational colleges and higher education institutions and improving the quality of education are needed. It is also important to increase investments in the agricultural education system, create motivation for young people by interesting them in agricultural education and employing them in this field.
5. Underdeveloped infrastructure is a hindering factor for the employment of young people in agriculture. Development of infrastructure will promote expansion of connectivity between the center and regions, increase access to information systems and the results will positively affect the employment of young people and development of small business. In this regard, it is important to implement stimulating policies for the development and realization of regional development programs.
6. Tourism potential of Georgia is not fully used. Demand for the products of this sector is growing and the interest in employing the young people is also increasing. Development of agritourism will become an important factor for reducing youth migration. In addition, the formation of economic policies oriented on small business development opportunities will accelerate the return of young people to rural areas, which, in turn, will be an incentive for the introduction of innovative factors in rural areas.
7. Migration level is high in the rural population. The share of young people is very high among migrants. The high level of migration is due to poor diversification of the economy, high level of poverty, underdeveloped infrastructure, limited access to healthcare and other public services. It is desirable to carry out state policy for stimulating youth employment in rural areas.

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